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Reagan Promises More Cuts, Forecasts a 'Slow' Recovery

By Steven R. Weisman
New York Times Service

WASHINGTON — President Reagan cautioned Wednesday night that economic recovery "is going to be slow" and said that the federal deficit would have been much lower if Congress had approved all his proposed budget cuts last year and this year.

At his 12th televised news conference, Mr. Reagan also made some of his harshest comments ever about government spending as he vowed that he was going to come back again to seek more spending cuts.

"I'm not through with cutting spending," he said. "In 1984 I'm going to aim at more."

The president once more called for approval of a constitutional amendment requiring a balanced federal budget. Then he denied with some asperity that he had been "hypocritical" in advocating it at a time when his own deficit projections were at record levels.

"I don't feel self-conscious at all," Mr. Reagan said, his voice rising. "What we're trying to do is turn around the policy of government that has built this into the system," he added, referring to the deficits.

Then he asked listeners to demand of Democrats: "Why don't you just give us what we asked for? You give it to us now."

Mr. Reagan appeared relaxed as he answered questions. He used several occasions to cite facts and figures about what he saw as signs of an economic recovery.

For example, the president said that the rate on short-term Treas-

President Says Habib Did Not Set Deadline

By John M. Goshko and David Hoffman
Washington Post Service

WASHINGTON — President Reagan, responding to Israel's contention that the United States is seeking to break the deadlock over Palestinian guerrillas in West Beirut by Friday, said Wednesday night that no deadlines have been set.

At a news conference, the president appeared to be stepping away from Israeli Prime Minister Menachem Begin's statement that the U.S. special envoy in the Middle East, Philip C. Habib, has promised to seek "an unequivocal commitment" from the Palestinians by Friday that they will leave West Beirut.

Mr. Reagan did not refer directly to Mr. Begin's assertion Wednesday in Jerusalem. While discussing Mr. Habib's efforts, he said, "Contrary to some reports or rumors today, there are no deadlines that have been set of any kind."

"There's nothing we would like more than to see an end to the bloodshed and the shelling," Mr. Reagan said in reference to cease-fire violations in recent days. "We still stay with our original purpose, that we want the exodus of the armed PLO out of Beirut and out of Lebanon."

Despite the fact that negotiations over the PLO's departure have dragged on for six weeks, Mr. Reagan said, "I still remain optimistic that the solution is going to be found."

"I don't comment on specifics because I know how sensitive these negotiations are," the president said. "So I can't go beyond that except to say that unless and until Ambassador Habib would tell me that there's nothing more to be negotiated and he can't solve it, I'm going to continue to be optimistic."

Questions about Lebanon dominated the foreign policy aspects of the news conference, but Mr. Reagan also touched on several other international issues.

Mr. Reagan said he had "no second thoughts" about his decision to attempt to deny U.S. technology to Western European firms supplying equipment for the Soviet natural gas pipeline to Western Europe.

The president was asked whether his action was inconsistent with U.S. grain sales to the Soviet Union. He responded that, in seeking ways of influencing Moscow to cease repression in Poland, the United States would hurt the Soviet Union more by declaring the pipeline sanctions than it could by reimposing a U.S. grain embargo.

"The technology for the pipeline is mainly only obtainable from the United States. Grain the Soviet Union can get in other places if they want it. So we wouldn't be achieving very much if we had used that as it was used back a couple of years ago.... It didn't hurt the Soviet Union, but it was a terrible economic blow to our farmers."

He also contended "that grain will result in the Soviet Union having to pay out hard cash, and they're not too flush with that right now. The pipeline, when finished, will result in the Soviet Union, which is the Soviet Union."

(Continued on Page 2, Col. 1)

Reagan-Gandhi Talks 'Friendly'; French Nuclear Deal Is Confirmed

By Don Oberdorfer
Washington Post Service

WASHINGTON — President Reagan and Prime Minister Indira Gandhi of India sought to repair in advance the relations of the world's two largest democratic countries in a round of meetings Thursday.

White House officials said the "friendly, relaxed, informative and constructive" discussions did not solve all problems between the United States and India but resulted in improved appreciation of each other's point of view.

As the specific centerpiece of the meetings, the U.S. administration announced settlement of the long-standing dispute over nuclear fuel for the U.S.-supplied reactor at Tarapur. The agreement calls for future fuel to be supplied by France while the international safeguards continue.

According to a White House briefing, Mrs. Gandhi expressed concern that advanced U.S. weaponry supplied to Pakistan under a \$3.2-billion program could be turned against India.

Mr. Reagan, the White House aide said, assured the prime minister that the weapons, which may include F-16 combat planes, would be used "for defensive purposes only." He said the arms were designed to meet the threat of 100,000 Soviet troops in Afghanistan, Pakistan's western neighbor.

The president and other senior U.S. officials "took as a given" India's close relationship with the Soviet Union and made no comment on this subject "in a critical sense," according to a White House spokesman.

In remarks at the White House welcoming ceremony, Mrs. Gandhi sought to explain her country's position of nonalignment to a U.S. administration that has intensified East-West confrontation.

"Our hand of friendship is stretched out to all," she declared. "One friendship does not come in the way of another. This is not a new stance, that has been my policy since I became prime minister in 1966."

Mr. Reagan and other officials as well as members of Mrs. Gandhi's party to visit Moscow in September, a journey that will balance in symbolic terms the current visit to Washington.

U.S. officials said that Mrs. Gandhi was assured of continuing U.S. support for multilateral development bank leading to India and of other efforts to strengthen Indian economic development. But no figures were given, and there was no indication of specific commitments to back up this general pledge.

Mr. Reagan, welcoming his visitor in an outdoor ceremony, declared that "India and the United States are bound together by the strongest, most sacred tie of all, the practice of democratic freedoms denied to many peoples by their governments."

He made a point of mentioning that "we both desire the peace and stability of the Indian Ocean area and the early end of the occupation of Afghanistan," but did not describe the differences between the two countries about how to advance those aims.

Art Exhibition Planned

NEW YORK (NYT) — Mrs. Gandhi announced Wednesday that a major exhibition of Indian art was being organized at the Metropolitan Museum of Art with the cooperation of the Indian government and would be shown at the museum from late September, 1985, through December.

In exchange, the museum will organize and send to India an exhibition of American art drawn from its own collections.



President Reagan presided Thursday at the White House ceremony welcoming Prime Minister Indira Gandhi of India.



A young Lebanese leftist carried a rocket-propelled grenade launcher Thursday as he rode behind his brother in Beirut.

PLO Reported To Set Terms For Pullout

Compiled by Our Staff From Dispatches

JEDDAH — Palestinian guerrillas trapped in Beirut by Israeli forces have agreed in principle to leave the city, Chadi Kibbi, the secretary-general of the Arab League, declared Thursday.

Mr. Kibbi said the Palestine Liberation Organization has decided to move its forces out of Beirut, after defining certain guarantees. He did not reveal the guerrillas' destination.

In Beirut, a truce between Israel and the Palestine Liberation Organization took hold Thursday after seven days of Israeli air, land and sea bombardments.

And at the United Nations, France and Egypt introduced a joint resolution in the Security Council to halt the conflict in Lebanon and to secure the withdrawal of all non-Lebanese forces.

In Jeddah, Mr. Kibbi told reporters that the PLO also was to obtain guarantees from the Lebanese government of the security of an estimated 500,000 Palestinian refugees living in Lebanon.

Mr. Kibbi said to reporters after winding up a two-day meeting of an Arab League foreign ministers committee here.

The six-man Arab League committee, which includes Lebanese and Palestinian leaders, said in a statement: "The Palestine Liberation Organization will announce its decision to move its armed forces from Beirut and will define guarantees for this withdrawal and for the security of (Palestinian refugee) camps by agreement with the Lebanese government."

The statement said there was full agreement on this issue by all committee members, which also included Saudi Arabia, Syria, Algeria and Kuwait. But it did not say when talks between the PLO and the Lebanese government would begin.

The group, which has been trying to find ways to resolve the conflict in Lebanon, said it adopted a six-point plan which also called for an Israeli withdrawal from Lebanon and lifting the siege of Beirut.

The plan proposes that an international force should take part in guaranteeing the security of the Lebanese capital and its suburbs.

It said Lebanon authorities should take measures to safeguard the security and safety of the population of Beirut and its suburbs, including Palestinian camps.

The committee pledged the support of Arab countries for efforts to implement two UN Security Council resolutions passed last month calling for an Israeli pullout from Lebanon.

The statement said Arab states were determined to continue attempts to halt "the Zionist aggression against the Lebanese territory."

Conference sources said the foreign ministers' committee also debated efforts by the U.S. special envoy in the Middle East, Philip C. Habib, to persuade Arab countries to accept the trapped PLO guerrillas, whose withdrawal from Lebanon has been demanded by Israel.

But the statement made no reference to Mr. Habib, who met with Lebanese leaders Thursday to discuss proposals for a withdrawal of PLO forces from Beirut.

Mr. Arafat, who met earlier Thursday with former Premier Saeb Salam of Lebanon, said he was waiting to hear details of Mr. Habib's withdrawal plan.

Asked about Mr. Habib's reported promise to Prime Minister Menachem Begin of Israel to let Israel know by Friday whether the PLO would leave Beirut peacefully, Mr. Arafat said, "I did not receive any official proposals from Mr. Habib."

Before meeting with Mr. Arafat, Mr. Salam noted that the PLO had repeatedly said it wanted to leave Beirut peacefully, but added: "It has to be arranged where to go, how to go, and [it must be] tied up with the international force committee." (Continued on Page 2, Col. 3)

NATO Experts Say Chances Grow Of Israeli Assault on West Beirut

By Drew Middleton
New York Times Service

NEW YORK — The belief that Israel, disregarding criticism at home and abroad, will tire of diplomatic negotiation and move on Palestine Liberation Organization positions in West Beirut is growing among military experts in Washington and other NATO capitals.

Israeli military sources and Western military analysts believe that the operation will be launched against PLO strongholds in the western sector of the Lebanese capital with the maximum force directed on one area of the city. The operation is expected to be deliberate, methodical and geared to saving lives — those of Palestinian civilians as well as Israeli soldiers.

Israeli officers do not appear to see the need to precede the infantry assault with an intense preparation involving bombers, prolonged artillery barrages or shelling by Israeli gunboats. This would increase civilian casualties and, from the purely military viewpoint, would create rubble and craters through which the infantry would have to pick its way under fire.

The rule books have been rewritten since the British assault on Caen in Normandy in July, 1944, when one of the heaviest bombing raids in history leveled the city and impeded the progress of the British in pursuit of the retreating Germans. Modern doctrine calls for a preliminary softening-up period followed by methodical tank and infantry penetration.

Israeli bombers, artillery and gunboats began to hit targets in West Beirut late last week. Several PLO strongpoints have been hit hard.

The impression given by Israeli sources is that tanks and infantry will pick their way through the mine fields that are believed to cover the most important positions, then pause to offer surrender terms to those guerrillas who have had enough.

This is not the sort of fighting in which the Israelis are well-trained. American experts feel, however, that the Israeli Army is one of the most adaptable in the world.

Detailed Intelligence

One U.S. analyst said he expected As Saïqa, the guerrilla group chiefly composed of and led by Syrians, and the men of the more leftist branches of the PLO to fight to the end. Other guerrillas, he said, were less likely to do so, especially those who have their wives and families with them.

The consensus among Western analysts is that the Israelis' task will be eased by their possession of detailed intelligence of the PLO positions. Much of this was reportedly gathered by Israeli intelligence before the campaign began. Since then, Lebanese informants are said to have supplied much more data.

Mine fields and short-range anti-tank missiles are the chief Palestinian assets. They are known to have an abundant supply of Soviet-made mines and to have set many booby traps. They also are reported to have hundreds of anti-tank missiles.

Israeli officers expect the guerrillas in a last-ditch stand to modify the urban warfare tactics they followed in Tyre and Sidon. In those battles the advancing Israelis soon learned that the PLO normally fortified the fifth floor of every major building.

The PLO defeats in those two coastal cities, one Israeli said, probably taught them that in any further city fighting, a screen of anti-tank missiles beyond the mine field will be their best chance.

Israel's advantage lies in its possession of many tanks, including their own Merkava. This tank, heavily armored, can carry a suite of infantry and appears to be suited for the sort of urban fighting the Israelis expect. But it is vulnerable to the possession of (Continued on Page 2, Col. 1)

Calvi Scandal Punctures Vatican Bank Secrecy

By Paul Lewis
New York Times Service

ROME — The apparent suicide of an Italian financier known in some circles as "God's banker," found hanged beneath London's Blackfriars Bridge last month, has made more mysterious a major Italian financial scandal in which the Vatican appears heavily involved.

The cost to the Roman Catholic Church could amount to several hundred million dollars.

Centering on about \$1.4 billion in dubious loans by Banco Ambrosiano, Italy's largest privately owned banking group, the investigation has sent shock waves through the world of international finance and raised questions about efforts to regulate the foreign operations of multinational banks.

It also has strained Italy's relations with the Vatican. Under pressure from the Italian government and concerned church leaders, Pope John Paul II ordered an unusual outside investigation into the Vatican's finances by three Roman Catholic lay bankers, but the Italian government is asking the Vatican to accept a measure of financial responsibility, too.

The Bank of Italy first became suspicious of Banco Ambrosiano in 1978 during a general crackdown on bank fraud, but immediately ran into a heavy political opposition.

Paulo Baffi, then the governor of the central bank, was arrested and eased out of his job. Mario Sarcinelli, the central bank's chief bank regulator, was imprisoned for a while, but now has reclaimed a place in the government as the chief civil servant in the Finance Ministry, helping to coordinate Treasury and central bank policies.

It was Mr. Baffi's successor, Carlo Ciampi, who finally succeeded in bringing the Ambrosiano scandal out into the open in a triumph for the Bank of Italy's political independence.

The apparent suicide was Roberto Calvi, 61. He had joined Milan's Banco Ambrosiano as a clerk, worked his way up to become its president and, along the way, transformed what had been a modest regional bank into a major financial power with 1981 assets of \$18.7 billion.

Mr. Calvi, who was appealing a four-year jail sentence for illegal currency dealings, disappeared from his Rome apartment June 10 after failing to block an inquiry by the Italian central bank into some \$1.4 billion in loans that banks he controlled had made to obscure, largely Panamanian, companies.

Five days after he vanished, his secretary jumped to her death from a window of the Milan bank. Mr. Calvi's body was found in London on June 18.

The financial panic caused by news of Mr. Calvi's death and the Bank of Italy's investigation provoked the collapse of his financial empire. When depositors rushed to withdraw their funds, Banco Ambrosiano had to be bailed out by a consortium of six major Italian banks.

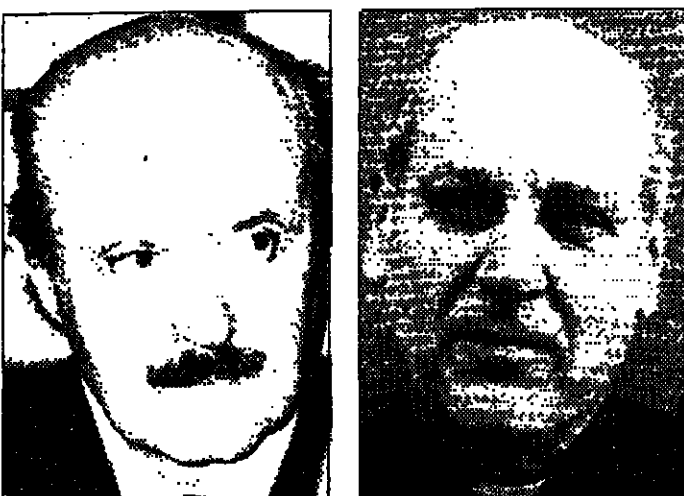
Earlier this month, Banco Ambrosiano Holdings, a Luxembourg subsidiary two-thirds owned by Banco Ambrosiano — defaulted on about \$400 million in foreign loans. It is in receivership.

Last week, banking authorities in the Bahamas suspended for 30 days the license of Ambrosiano's Bahamas operation, Banco Ambrosiano Overseas Ltd., in order to "restore satisfactory liquidity to its operations," the Bahamian central bank said.

"The Ambrosiano affair makes everyone wonder about the Vatican's finances, but it really illustrates the fragility of the international banking system that we are all trying to preserve," said Guido Carli, a former governor of the Bank of Italy and now a prominent industrialist.

Earlier this year, Carlo de Benedetti, head of Olivetti and one of Italy's leading businessmen, bought a significant stake in Banco Ambrosiano but sold it within months, saying he was appalled by what he found.

According to senior investigators who do not wish to be identified, the Banco Ambrosiano affair centers on the relationship between Mr. Calvi and Archbishop Paul C. Marinkus, a 60-year-old (Continued on Page 3, Col. 1)



Italy's investigation into the Banco Ambrosiano centers on a close but ambiguous relationship between Roberto Calvi, left, an apparent suicide, and Archbishop Paul C. Marinkus, right, an American who for a decade has headed the Vatican's bank.

U.S. House Votes to Bar Spending On Nuclear Arms Banned by SALT

By Judith Miller
New York Times Service

WASHINGTON — The House of Representatives has voted to bar funds for the development, testing, procurement or operation of any nuclear weapon that would undercut the first and second strategic arms limitation agreements with the Soviet Union.

The measure was introduced by Rep. Les Aspin, Democrat of Wisconsin, as an amendment to the \$177.1-billion defense authorization bill for the 1983 fiscal year. It was accepted by the chairman and ranking Republican on the House Armed Services Committee, and was approved Wednesday by voice vote without debate.

The amendment is likely to be strongly opposed by the White House.

The measure is important symbolically, because it reflects congressional support for the basic outlines of the strategic treaties that have been criticized as flawed and inadequate by the Reagan administration.

While many military analysts say that the SALT-2 treaty signed by President Jimmy Carter could not win the two-thirds approval required for Senate consent to ratification, many Democrats and moderate Republicans also appear unwilling to abandon the limitations treaty contains.

The measure would bar funds for weapons that "contravene existing strategic arms policies of the United States," including the two SALT treaties, unless the president certified to Congress that his actions were in the "supreme national interest" and explained why.

President Reagan said May 31 that the United States would not undercut either of the two treaties. However, administration officials have been opposing efforts in the House and the Senate to formalize that commitment.

The defense bill approved in May by the Senate does not contain a similar funding ban. After final action is taken, the House and Senate will meet to resolve differences in their versions of the bill.

White House Opposition

One administration official, surprised by the House Armed Services Committee's acquiescence to the amendment, said that the White House would attempt to get the measure deleted when the House and Senate meet in conference.

The Reagan administration opposes formal congressional endorsement of SALT-2, which President Carter signed but asked the Senate not to consider following the Soviet intervention in Afghanistan.

Officials argue that such an endorsement would undermine the administration's strategic arms negotiations under way in Geneva. Mr. Reagan has put forth an arms control plan, known as START,

INSIDE

■ South African arms were supplied by defense force members for the foiled coup attempt in the Seychelles. Prime Minister P.W. Botha confirmed those reports as Michael Hoare, the mercenary leader, was sentenced to 10 years in jail for his role in the sinister hijacking after the coup attempt. Page 2.

■ International Harvester, forecasting a fiscal 1982 loss of as much as \$1 billion, disclosed a sweeping retrenchment plan. Page 11.

■ Vladimir Horowitz is not only the last of his kind; in the history of piano playing he could very well be the only one of his kind, and when he goes, there will be nobody to succeed him. A look at Horowitz and other virtuosos is in Weekend. Page 7W.

W. Europeans Prepare Reply to Pipeline Ban

BRUSSELS — Officials from four West European nations met Thursday to discuss ways of opposing a U.S. order forbidding European firms to use American technology in the building of a natural gas pipeline from the Soviet Union, it was reported.

A European Economic Community source said West German, British, Italian and French officials were studying a report detailing objections to the U.S. action.

Syria, With Assertive Stance in Bekaa, Signals Israel It Can't Be Overlooked

By David B. Ottaway
Washington Post Service

JERUSALEM — Amid the deadlocked negotiations over the withdrawal of Palestinian guerrillas from West Beirut, Syria has dramatically signaled Israel that it is still a political and military power to be reckoned with in Lebanon.

The appearance of Soviet-made SAM-8 missiles in Syrian-controlled areas of Lebanon's eastern Bekaa Valley, and Syria's threat to use "all types of weapons" to make the Israelis suffer, are not being taken lightly here.

Israeli combat planes destroyed three batteries of the highly mobile and sophisticated SAM-8s north of the Beirut-Damascus highway on Sunday, and the government again stressed its determination to prevent Syria from introducing any missiles into Lebanon.

Israeli radio said the Cabinet heard intelligence reports Monday that reportedly con-

cluded that Syria was acting primarily to stake its claim to the Bekaa and to defend its own territory from a possible Israeli strike. The

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consensus was, it said, that Syria was not planning an offensive campaign and that all-out war could be averted.

Earlier, an Israeli official said Israel had no intention of or interest in fighting Syria and that it expected Damascus to respect the ceasefire and help halt Palestinian guerrillas from infiltrating through Syrian-controlled areas of the Bekaa.

Israeli analysts believe Syrian President Hafez al-Assad has seized upon the issue of a new haven for the Palestinian guerrillas to inject himself into the Beirut negotiations as a

prelude to taking part in any forthcoming U.S.-sponsored Middle East peace talks.

One analyst said the main Syrian message of last week's fighting in the Bekaa was that there would be no solution to the Beirut crisis without the approval of Damascus.

The fact that Syria moved the surface-to-air missiles into the Bekaa is being interpreted in Jerusalem as an unexpected hardening in Syrian policy that could not have been undertaken without explicit Soviet support.

In Beirut, the Christian radio station reported Sunday that Syria was bringing reinforcements into the Bekaa.

Israeli concern has been mounting about the infiltration of Palestinian guerrillas from Syrian-controlled areas behind Israeli lines.

This has raised the question of whether there could ever be an enduring settlement of the guerrilla presence in Lebanon without a prior Syrian-Israeli agreement.

In recent weeks, Syria has been signaling Israel that it is well within its capabilities to unleash a war of attrition against the Israeli Army in southern Lebanon, using the Palestinian guerrillas as its proxies.

Israeli military sources say there are thousands of guerrillas behind Syrian lines. Some were there before the invasion began and others fled there to escape the initial Israeli blitz through southern Lebanon.

The Israeli Army says 39 Israeli soldiers and PLO guerrillas have died in 75 incidents in the Bekaa since the first cease-fire began June 11.

To all appearances, Syria has every intention of continuing to use the Palestinian guerrilla presence in Lebanon to help it force Israel and the United States to deal with it as a regional power.

But there is more at stake for Syria than politics. The Bekaa Valley is strategically Syria's "soft underbelly," the corridor leading

not only to Damascus but to the rich agricultural and industrial areas around Homs at the northern end of the valley.

Israeli analysts say Mr. Assad has committed about one-half of his 225,000-man army to holding the Bekaa. And an Israeli Army communiqué last week said the Syrians are building fortifications in the Bekaa "at a feverish pitch."

The Israeli invaders seized a strip of the Damascus highway from Beirut to the outskirts of Solar, more than halfway to the Bekaa. But they were unable to push through Syrian defenses to take control of this road link.

Mr. Assad's commitment of so large a part of his army to the Bekaa is all the more striking since it has no effective air or missile coverage.

But it illustrates his determination to hold

on to at least part of the Bekaa and to maintain a presence in Lebanon.

Together with the talk of a possible U.S. dialogue with the Palestine Liberation Organization, Syria's new assertiveness has made the Israelis increasingly nervous.

But whatever military or political course the government of Prime Minister Menachem Begin decides on in the Lebanon crisis, Israel and Syria are going to have to deal with each other.

There is already a school of thought here that the two will agree to a trade-off in which Israel will recognize Syria's vital security interests in the Bekaa and Syria will agree to recognize Israel's in southern Lebanon.

This trade-off, one Israeli analyst suggested, might even involve Syria's concession of the strategic Golan Heights to Israel, which has already annexed the area, and an acquiescence by Israel to Syria's de facto annexation of the northern Bekaa.

Watt Says He Regrets Linking His Policies to U.S. Support of Israel

By Dale Russakoff
Washington Post Service

WASHINGTON — Interior Secretary James G. Watt has admitted that he made a mistake in warning Ambassador Moshe Arens of Israel that U.S. relations with Israel could be jeopardized if American Jews opposed Mr. Watt's energy policies.

Mr. Watt, who earlier said he was proud of his letter to Mr. Arens, told a private gathering of officials of the Anti-Defamation League of B'nai B'rith in New York Wednesday that he regretted writing it and that Jews in the United States had "every right to be upset" about it, according to leaders of the league who attended the session.

Kenneth J. Bialkin, the group's national chairman, said, "He spoke with great sincerity and in good faith and we consider the matter closed."

Hours after the meeting, President Reagan reaffirmed his confidence in Mr. Watt for the second time in three days. Mr. Reagan said at a news conference, "He shouldn't be fired."

The rapprochement in New York and the firm endorsement in Washington followed several days of attacks on Mr. Watt, culminating in calls for his resignation because of the June 17 letter and a second letter to Democratic members of Congress.

Both letters made statements that the White House termed inconsistent with administration policy.

Jewish leaders accused Mr. Watt of making "veiled threats" in the letter to Mr. Arens, and denounced him for appealing to a foreign ambassador for American Jewish support.

The letter cautioned that the

United States may be unable to remain "the strong protector and friend of Israel that we are and want to be" if Jewish liberals opposed Mr. Watt's aggressive energy development programs.

Prominent Democrats called for Mr. Watt's resignation, and a group of Senate Democrats introduced a resolution denouncing the letter.

Democratic congressmen also attacked Mr. Watt over another letter to House and Senate critics of Mr. Watt's offshore drilling program warning that the United States might have to go to war in the Middle East if Mr. Reagan's energy policies are not enacted.

Letters Explained

In his news conference, Mr. Reagan explained that what Mr. Watt intended to say in the Arens letter was that the United States is vulnerable to another oil embargo because of its dependence on foreign energy sources.

Under an embargo, "we wouldn't be much of an ally to our friends, and that would certainly include Israel," Mr. Reagan interpreted the letter as saying.

Mr. Reagan said the letter to the congressmen intended to ask, "Where would the Western world be if someday our source of supply was purely there in the Persian Gulf and it was denied to us?"

Mr. Watt's meeting with the Anti-Defamation League was scheduled six weeks ago at his request, well before the Arens letter became public, according to league officials.

Mr. Watt wanted to promote his controversial program to offer 1 billion acres (400 million hectares) of coastal waters for oil and gas development in the next five years, the leaders said.

Experts Say Chances Grow Of Israeli Assault on Beirut

(Continued from Page 1)

able to attack, especially by gasoline bombs thrown from above.

The final test for these and other Israeli tanks would be the Soviet 130mm guns scattered around West Beirut. There is no accurate information on their number, but they are powerful enough to check the most powerful tank.

The tactics envisaged by Israeli commanders for the assault on West Beirut translate into a protracted operation. The political advantage is that the operation could be halted any time the guerrillas surrendered. The military disadvantage is that such tactics take a long time and, inevitably, entail casualties.

Israeli Colonel Is Discharged

TEL AVIV (NYT) — An Israeli commander who led his superiors last week that he was opposed as a

matter of conscience to any invasion of West Beirut said Wednesday he had been discharged from the armed forces.

The officer, Col. Eli Geva, had asked to be relieved of his armored brigade command but to stay with his men as a member of the ranks. He said he had received no reply to this request, but had been told by his superiors that the chief of staff, Lt. Gen. Rafael Eitan, had ordered his discharge. Military authorities made no statement.

Col. Geva, 32, had led his brigade in the armored thrust to the periphery of Beirut but later argued that an onslaught against the city itself would cost many Israeli and Arab lives and would not destroy the PLO.

Prime Minister Menachem Begin, who has described Col. Geva as a hero of the 1973 war, failed in an attempt last week to dissuade the young officer from resigning.

PLO Accord On Pullout Is Reported

(Continued from Page 1)

ing in. All that has to be scheduled. That's not in their hands."

The leftist newspaper As Safir said that Mr. Habib, who returned Wednesday from a tour of Syria, Egypt, Israel, Britain and Italy, had proposed that the PLO withdraw first to Syria and then move to other Arab countries.

Lebanese government sources quoted Mr. Habib as saying that Syria, Egypt, Jordan and Iraq had agreed in principle to take in the guerrillas.

During the seven days that Mr. Habib was absent from Lebanon, Israel inflicted its most serious bombardment on West Beirut since it invaded Lebanon almost eight weeks ago.

Mr. Habib hastily arranged a new cease-fire after returning Wednesday night. Explosions were heard in Beirut during the early afternoon Thursday, but for the most part the city remained calm.

In Jerusalem, Israel accused the PLO of breaking the cease-fire, but said its own soldiers were under strict orders to hold their fire.

A military spokesman said Palestinian guerrillas in the Lebanese capital fired artillery shells on Israeli positions near Beirut's international airport.

A firm Palestinian commitment to withdrawal from the encircled capital was expected to depend on the outcome of the Security Council talks on the French-Egyptian resolution. Lebanon and Jordan support the plan, which links peace in Lebanon to an affirmation of Israel's rights as a nation and those of the Palestinians to self-determination and statehood.

'Murderous Bombardments'

The French delegate, Luc de la Barre de Nanteuil, said the sponsors were not pressing for an early vote.

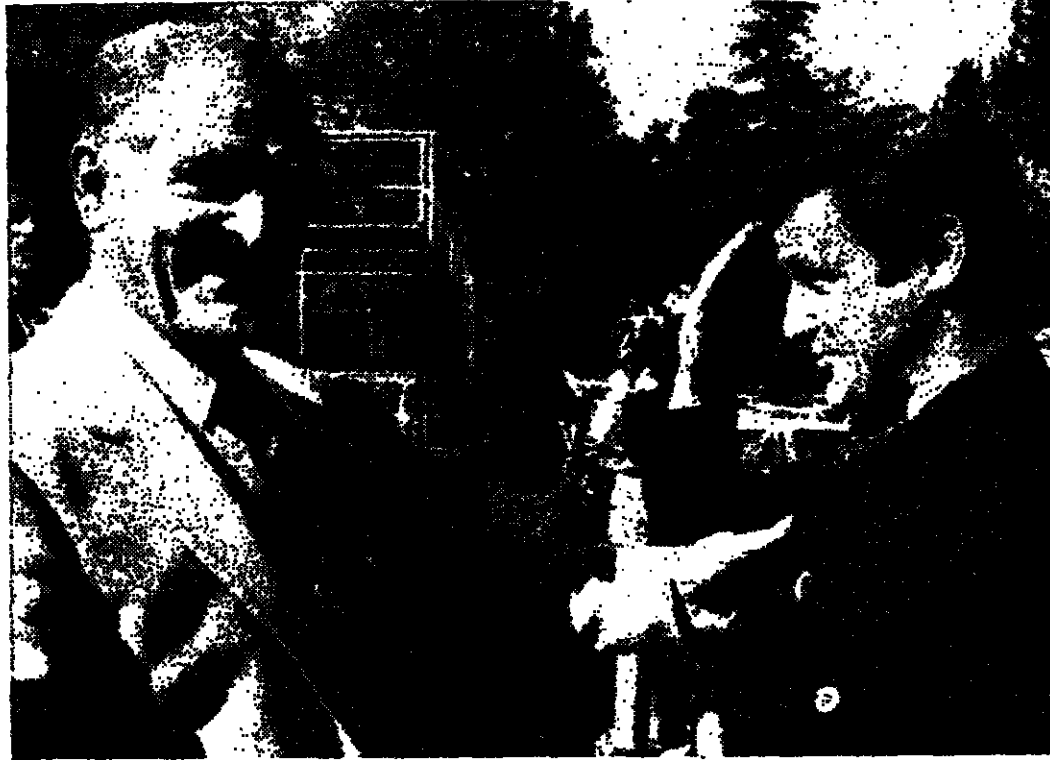
He spoke of his government's dismay at the threat of a new assault on West Beirut, following what he termed the recent "murderous bombardments."

The most devastating barrage came Wednesday night, shortly before the cease-fire was established at 10:30 p.m. A Reuters correspondent, watching the attack from a vantage point in Christian-dominated East Beirut, said, "The shells are coming too fast to count."

He said Palestinian guerrillas replied with rocket fire. In West Beirut, civilians began returning to the streets early Thursday, some of them trying to stock up with water supplies from relief trucks. Water and electricity to the western sector have been cut by the Israelis for the past four days.

Nepal's King Visits Tibet

PEKING — King Birendra of Nepal arrived Thursday in Xigaza, the second largest city of Tibet, after talks with Premier Zhao Ziyang in the northwest Chinese city of Lanzhou, the Chinese news agency reported.



Mercenary leader Michael Hoare saluted by Peter Duffy, another defendant, outside of court.

Pretoria Probe Confirms Arming of Mercenaries

Compiled by Our Staff From Dispatches

PRETORIA — Prime Minister Pieter W. Botha confirmed Thursday that members of the South African Defense Force had supplied arms for the foiled coup attempt in the Seychelles.

But Mr. Botha said an investigation has revealed that neither the Cabinet nor the State Security Council had been aware of the coup beforehand and that no government department had authorized involvement.

The prime minister released the results of a government inquiry following the conclusion earlier Thursday of the trial of 43 mercenaries charged with hijacking a jet to escape from the Seychelles after the plot failed Nov. 25. All but one of the defendants was convicted and given sentences ranging from six months to 10 years imprisonment.

Michael Hoare, the leader of the coup attempt, had said during the trial that the South African Cabinet had approved the plot in principle and that the defense force had supplied the weapons.

Mr. Hoare also said the National Intelligence Service had been aware of the plot.

Agents informed Mr. Botha said the investigation confirmed that Mr. Hoare had informed agents of the intelligence service of the plan and that unauthorized members of the defense force had supplied weapons, ammunition and radios used in the plot.

The prime minister said legislation would be introduced in Parliament banning the use of South African citizens as mercenaries and banning the recruitment of mercenaries on South African soil.

In the sentencing in Pietermaritzburg, Justice Neville James gave

Mr. Hoare a 10-year term for his part in commandeering an Air India airliner in an effort to escape from the Seychelles.

Three other leaders of the mercenary group were jailed for five years, three for two and a half years and one for one year.

The other 34 mercenaries received six-month sentences. They had been found guilty of endangering the safety of the Seychelles airport, the aircraft and its passengers and crew by boarding the plane.

Mr. Hoare, a former British tank commander who led a mercenary group in the Congolese rebellions in the 1960s, was sentenced to 10 years on the principal count of seizing the plane and to five years on two other charges arising from the hijacking. The five-year terms are to be served concurrently with the first sentence.

Tullio Moneta, Peter Duffy and Pieter Doorewaard received five-year terms on the first count and concurrent five-year sentences on other charges, giving them terms of five years.

The judge suspended half of the minimum five-year term for Michael Webb, Kenneth Doleish and Charles Gostley. Vernon Prinsloo was ordered to spend one year in jail with four years of the sentence suspended.

The sentencing of 34 of the group to the minimum of five years was accompanied by a suspension of all but six months of the terms.

"I am convinced that you are basically decent people who have fallen for the lure of easy money, adventure and comradeship," the judge said. "The court has studied you and found you to be men of high potential who should be given a chance to redeem yourselves."

Youths Set Fires, Stone Firemen, Police in Liverpool

The Associated Press

LIVERPOOL — Youths set fire to a vacant apartment building and stoned police, firemen and a television crew in Liverpool's troubled Toxteth area, police said Thursday. No injuries were reported.

The disturbances took place hours after a memorial service Wednesday for David Moore, 23, a crippled man who was fatally injured when run over by a police car during riots in the port city in northwest England a year ago. About 30 youths began throwing rocks at passing cars, including one occupied by a British television crew, police said.

They said stoned cars were driven through the streets at high speeds, and youths wearing ski masks stoned police vans and set fire to a car. Later a vacant building was set on fire, and about 200 youths gathered at the scene. About seven or eight of them stoned firemen, police said, and four people were arrested.

Police Inspector Kenneth Milne said police did not think the incidents were racially motivated, noting that both black and white youths were involved.

Japanese on Asian Tour To Explain Trade Stand

The Associated Press

TOKYO — A delegation from Japan's ruling Liberal Democratic Party left Thursday for a 12-day tour of Malaysia, Singapore, Indonesia and Brunei to explain Japanese trade policies, a spokesman said.

The delegation is headed by Masumi Esaki, a former minister of international trade and industry, who earlier led a similar mission to Thailand, the Philippines and Taiwan.

Reagan Promises More Cuts, Forecasts a 'Slow' Recovery

(Continued from Page 1)

imate predictions as we could," he said. He added that he had predicted a "sluggish economy" last year and had said that "no one should expect sudden booms or anything."

He did not mention that his forecasts last year had predicted a robust growth in the economy once his program had been enacted.

The president was asked how long the American people would have to wait for the economic recovery to begin and whether his opening statement on the proposed constitutional amendment requiring a balanced budget was paving the way for more bad news.

He replied that he was only "trying to get more publicity" for the amendment.

He said much of the problem with interest rates now is psychological. Many of the actions in Congress, he said without being specific, are holding back the psychological change needed to help the recovery.

Then he contended that passing an amendment for a balanced budget would be a way to show that the government is really determined to end runaway spending and a way to help change that psychology.

Mr. Reagan was asked about the irony of his campaign for a budget amendment, given the fact that the budget deficit for fiscal 1983 is the largest in history. He said he did not deserve to be blamed for the

deficit. "The budget deficits I don't think can be laid at any individual's door," he said.

The president also defended his decision to raise his military spending proposals back to his original 1984 and 1985 levels, even though he had agreed to reduce them by \$23 billion. Congress had demanded the reduction in the rate of growth of military spending as a way to reduce future budget deficits.

The president said he reserved the right to have flexibility on his program recommendations. He said he had to have the power, when he offers his 1984 budget in January, to allocate spending where he thinks it is needed.

But he did say that he would remain bound to the overall spending and deficit figures in the budget resolution.

Baldrige Doubts Forecast

WASHINGTON (AP) — Commerce Secretary Malcolm A. Baldrige said a new Reagan administration forecast for an economic upturn appears too robust, and warned that the recovery could "fizzle out" if interest rates start rising again.

"We're going to see a recovery, but it's going to be so dependent on interest rates," Mr. Baldrige said in an interview this week.

In an updated budget outlook scheduled for release Friday, the administration is assuming the economy will expand at an annual rate of 4.5 percent for the last six months of 1982.

WORLD BRIEFS

Iran Reports Major Gains in Battle

LONDON — Iran says its forces seized 60 square miles (150 square kilometers) of Iraqi territory in a major offensive in southern Iraq and that its army would advance to Baghdad to impose a settlement of the Gulf war.

A communique broadcast Thursday by Tehran radio said Iranian forces overran fortified Iraqi positions Wednesday night after braving extensive mine fields. The push began late Wednesday, it said, and fighting was continuing east of the Iraqi port of Basra, the first target of the offensive launched July 13. Iraq said it had repelled the advance, forcing the Iranians to flee after suffering heavy losses.

The parliament speaker, Hojatoleslam Hashemi Rafsanjani, said if Iran's terms for ending the 22-month-old Gulf war were met, the Iranian Army would march to Baghdad, according to Tehran radio. He warned the nonaligned movement against attending a scheduled meeting in Baghdad in September, saying the city was not a safe place for the summit to be held. Baghdad is only 75 miles (120 kilometers) from the Iranian border.

Ghana Announces Changes in Regime

ABIDJAN, Ghana — Changes in Ghana's ruling council, including a shake-up of the country's regional secretaries, were announced Thursday on Accra radio.

No explanation was given for the move, the first reshuffle since the establishment of the People's National Defense Council in January after a coup led by Jerry Rawlings.

The government also appointed a 27-member National Defense Committee, headed by Mr. Rawlings, a former air force lieutenant. The group will supervise the local people's defense committees, many of which have been accused of harassing civilians since the Dec. 31 coup.

Vietnam, Thailand Discuss Cambodia

BANGKOK — Thailand and Vietnam now understand each other's position on Cambodia and neither wants confrontation, Foreign Minister Siddhi Savetsila of Thailand said Thursday after meeting with Vietnam's foreign minister, Nguyen Co Thach.

Mr. Siddhi said he believed Mr. Thach "came in good faith to show Vietnam's desire for peace." However, there was no sign that basic differences between them had been removed.

Mr. Thach was in Bangkok to put forward Vietnam's proposals for an international conference to discuss regional problems, a partial withdrawal of Vietnamese troops from Cambodia, and a safety zone along the Thai-Cambodian border patrolled by troops from both countries. The Thai government had earlier dismissed his proposals as nothing new and the pretexts atmosphere had been soured by Mr. Thach's reported threat in Singapore to support anti-government guerrillas in Thailand.

Suárez Forms New Party in Spain

MADRID — Former Spanish Premier Adolfo Suárez, often referred to as the architect of Spain's democracy after nearly four decades of dictatorship, Thursday founded the Democratic and Social Center Party with the aim of entering the general election scheduled next April.

Agustín Rodríguez Sahagún, former president of Spain's ruling Union of the Democratic Center, said that he is leaving to join Suárez.

Mr. Suárez, who was replaced as premier by Leopoldo Calvo Sotelo in 1981, on Wednesday resigned as a member of the Union of the Democratic Center, which he founded in 1977. He said Mr. Calvo Sotelo was taking the party too far to the right.

Soviet Salyut Space Station Burns Up

MOSCOW — The orbiting space station Salyut-6, focus of the Soviet space program for nearly five years, re-entered Earth's atmosphere on a guided trajectory and burned up over the Pacific Ocean Thursday, Tass reported.

The 19-ton spacecraft, launched in September, 1977, was visited by 16 missions and was the site of a record-breaking stay in space by two cosmonauts who remained on board for 185 days.

Salyut-6 was originally due to stay in space for only 18 months, but proved the most successful craft in the recent Soviet space program. In April, it was replaced by the larger and more sophisticated Salyut-7, which was visited by a joint Soviet-French crew last month.

Turkish Finance Chief Sets Out Plan

ANKARA — Turkey's new finance minister said Thursday that he is planning fundamental changes in the country's monetary policies but that mistakes had been made that he will try to correct.

In his first public statement since taking office last month, Adnan Baser Kafaloglu told a news conference that he will continue to fight inflation and curb state intervention, but that he wants to promote industrial development. He also said that he will continue to encourage foreign investment in Turkey.

Mr. Kafaloglu said he will seek to create the conditions for boosting industrial output and is preparing detailed programs for several sectors.

Namibia Cease-Fire Date Reported

JOHANNESBURG — A trial cease-fire date for the long-waged South-West Africa bush war has been set for August 15 with a seven-month independence process to start a month later, Foreign Minister R.F. Botha of South Africa told political leaders in the territory Thursday.

Andreas Shipanga, leader of the SWAPO Democrats Party, which includes people who split from SWAPO, the South-West Africa Peoples Organization, said Mr. Botha had told the parties in the South African-ruled territory that the discovery of a plan by SWAPO guerrillas to kill the cease-fire. SWAPO, operating from bases in neighboring Angola, has been fighting South Africa for 16 years to make South-West Africa an independent Namibia.

Kenneth Abrahams of the Namibia Independence Front party said the idea was for hostilities to cease before calling a formal truce that would be supervised by a UN force.

Compiled From Agency Dispatches

4 Executives of The Charter Co. Die As Helicopter Crashes in Ireland Fog

HEADFORD, Ireland — A helicopter carrying four senior executives of The Charter Co., including its president and the president of Charter Oil, crashed in early morning fog near the west coast of Ireland Thursday, killing all aboard, police said.

The four were flying from Ballinacorney Castle, which is owned by the diversified company, to Shannon Airport 75 miles to the south, where they were planning to board a flight to the United States. Headquarters of The Charter Company is Jacksonville, Fla.

Company spokesman John Rodgers identified the four as Jack T. Donnell, president and chief operating officer of The Charter Co.; Dudley K. Parker, president of the Charter Oil Co., a subsidiary; Barry Green, executive vice president of Charter Oil, and Jay Lammons, senior vice president of the oil company.

"We got a call from a resident who recalled hearing a helicopter in the fog this morning. But he couldn't see anything. Then the sound of the helicopter stopped," said a Headford police spokesman.

Ballinacorney Castle is a rambling country mansion in County Galway that Charter Oil regularly uses for business conferences and holiday weekends for its senior employees.

Mexico, Finland Sign Pact

MEXICO CITY — Mexico and Finland have signed a cultural agreement, calling for the exchange of teachers, administrators, researchers, students and scholarships for research.

President Denies Habib Set Deadline on Lebanon Talks

(Continued from Page 1)

ion getting hard cash which it does not now have and which it can then use to further build up its military might."

Mr. Reagan is expected to announce soon a one-year extension of the existing U.S. grain-sale agreement with the Soviet Union.

He argued that United States relations with its European allies remain strong despite the animosity generated by the pipeline dispute. "This is kind of like a fight inside a family, but the family is still a family," he said.

The president defended his administration's move Tuesday certifying that the U.S.-backed government in El Salvador is making progress on human rights and other reforms and thus is eligible for continued American military assistance.

Conceding that some rights abuses still exist there, Mr. Reagan

said: "I'm quite sure that there are unfortunate things that are going on and that are happening. The idea is, are they [Salvadoran leaders] legitimately and in good faith making progress in trying to solve that?"

Asked about his earlier statement that a summit meeting with President Leonid I. Brezhnev of the Soviet Union was "in the works," Mr. Reagan responded, "I don't know whether it's going to be this year or next or at all.... It takes two to tango."

"There have been no positive replies or steps.... If at such time we know that there is an agenda and there is a real purpose in having this, we'll have a summit."

He also said that while his administration wanted to continue good relations with China, he would not bow to pressure from Peking to stop providing Taiwan with defensive arms.



President Reagan answers a question at the press conference.

Radioactivity in Cigarettes Linked To Wide Range of Smoker Cancers

By Fred Bayles

BOSTON — Minute radioactive particles in cigarette smoke, already linked to lung cancer, may also be the source of malignant tumors throughout the bodies of smokers, a researcher says.

The radioactive material collected in the mucus lining of the bronchial tubes is passed from the lungs to the entire body, Dr. R.T. Ravenholt of the Centers for Disease Control, a U.S. government agency, wrote in a letter published in Thursday's New England Journal of Medicine.

"The American public is exposed to far more radiation from the smoking of tobacco than they are from any other source or indeed from any other sources combined," he said in an interview.

Dr. Ravenholt said the radioactive causes "accelerated aging, early death... reminiscent of the disease and mortality patterns affecting early radiologists and others with long-term exposure to X-rays and other forms of ionizing radiation."

Dr. Ravenholt's letter was among several published in re-

sponse to research conducted by Joseph R. DiFranza and Thomas H. Winters of the University of Massachusetts Medical Center.

Mr. DiFranza and Mr. Winters wrote to the journal in February, saying that polonium, a radioactive element found in phosphate fertilizers, is concentrated in cigarette smoke.

The researchers said a half-pack-a-day smoker receives a yearly dose of alpha radiation equivalent to 300 chest X-rays.

"Alpha emitters in cigarette smoke result in appreciable radiation exposure to the bronchial epithelium of smokers and probably second-hand smokers," the two doctors wrote.

Dr. Ravenholt, director of world health surveys for the Centers for Disease Control, said polonium has been found in the blood and urine of smokers, indicating the material passes from the lungs to the bloodstream where it is carried to every tissue and cell.

He said research he conducted in the 1950s and 1960s led him to believe that smoking "would have the same kind of action on the body as standing in front of an X-ray machine."

Dr. Jeffrey L. Cohen of the Duke University Medical Center said radioactive levels in cigarettes may explain why researchers found a higher incidence of lung cancer among those who smoke more low tar and nicotine cigarettes than those who smoke fewer cigarettes with higher tar and nicotine levels.

"Thus the number of cigarettes smoked may be more important than their tar and nicotine content," he wrote.

Anne Browder, a spokeswoman for the Tobacco Institute, disputed the comments, saying that recent surgeon general reports have said that there is insufficient evidence to link polonium to lung cancer.

She also said polonium is found in fertilizers used by farmers and home gardeners and that it is produced when coal is burned in electric power plants.

"It seems that smoking is the scapegoat for everything and anything in our society and now radiation is being attributed to it," she said.

Dr. Ravenholt cited statistical surveys that showed smokers had a higher-than-expected rate of cancer throughout the body.

Reagan Plan On Teen Work Is Assailed

Foes of Proposal Argue Against Longer Hours

By David Shribman

WASHINGTON — The Reagan administration's proposal for a legal expansion of the hours and types of jobs allowed for children 14 and 15 was described before Congress as an effort to "create a kiddy work force," assailed as an act of "insensitivity and stupidity" and characterized as "counterproductive."

The criticism, voiced Wednesday at the House Labor Standards Subcommittee hearing, came as some members of Congress prepared to press for a joint resolution to stop Secretary of Labor Raymond J. Donovan from carrying through with the regulation changes he proposed earlier this month.

Among other things, the new regulations would permit 14- and 15-year-olds to work as late as 9 p.m. instead of 7 p.m. on school nights and extend the work hours on other days from 9 p.m. to 10 p.m.

At the same time, William Otter, the Labor Department's wage and hour administrator, told the subcommittee that the proposed regulations "would improve the employment opportunities of young workers without harming their health, well-being or opportunity for schooling."

Mr. Otter said the proposals are designed to make child labor standards more rational and reasonable while permitting young people to develop healthy work attitudes.

A series of witnesses, drawn primarily from labor and education groups, criticized the proposals, which would eliminate a number of other restrictions on work for young people.

"Kiddy Work Force"

Rep. George Miller, the California Democrat who heads the subcommittee, said he will hold another hearing Tuesday. He said he is "outraged by the insensitivity and stupidity of these proposals," and, along with Sen. Edward M. Kennedy, Democrat of Massachusetts, has introduced resolutions to block the proposals.

Thomas Donahue, secretary-treasurer of the AFL-CIO, said the proposals would "create a pool of cheap, part-time child labor, the beneficiaries of which would be the various industries that already have notorious records for violating and undercutting fair labor standards."

It was Mr. Donahue who suggested that the Reagan administration is seeking to "create a kiddy work force."

Ellen Greenberger, a professor at the University of California at Irvine, called the proposal "a real threat to young people's development, to the job prospects of out-of-school youth and adults and, consequently, to the health and vitality of our country."

While conceding that jobs provide some benefit to the development of young people, she said that youngsters who work many hours per week are more likely to reap such benefits than youngsters who work fewer hours.

She added that her studies of working young people in Orange County, Calif., indicated that youths who worked longer hours spent less time with their families and there was a correlation between increased working hours and increased use of cigarettes, alcohol and marijuana.



THE WILD EAST — Riders from Assateague Island, which is shared by Maryland and Virginia, urge wild ponies into Chincoteague Bay as part of an annual roundup. The ponies swim to nearby Chincoteague Island, where a sale is held.

Falklands Reporters Say Task Force Attempted to Put Out False Stories

By Alex Frece

LONDON — The commander of British task force to the Falklands deliberately attempted to make British war correspondents send back false stories and constantly delayed or obstructed reporters, a parliamentary committee has been told here.

This picture of the other battle of the Falklands — between the press and the censors — emerged from British correspondents this week as a government inquiry into the handling of news during the fighting in Argentina.

Brian Hanrahan, the British broadcast Corp. reporter who sent back wild accounts of fighting on and around the Falklands, said Rear Adm. John Woodward, the task force commander, wanted to release false information through the correspondents in order to confuse the enemy.

"Admiral Woodward said it was his intention to cause as much confusion to the enemy as possible, and if there was any way he could use us as part of that attempt to confuse the enemy he intended to do so," Mr. Hanrahan told the committee.

Mr. Hanrahan said all of the correspondents refused to report information they knew to be false.

"1940 Propaganda Job"

Michael Nicholson, a reporter for Britain's Independent Television News, told the inquiry that one naval officer told him, "You bastards are the lowest priority rating, at the bottom of the list, and that is where you will remain." Mr. Nicholson said he was expected "to do a 1940 propaganda job" on the fighting.

Mr. Nicholson told the committee he thought even the Israeli form of military censorship is better because at least photographers are allowed to take pictures first and argue with the censor later. Under British rules, they were sometimes forbidden to film, he said.

Permission to film the burning wreck of the destroyer Sheffield, the ship sunk by an Exocet missile, was given only because Adm.

Woodward wanted to see the pictures himself and was unable to take a helicopter there, the reporters told the inquiry.

Mr. Nicholson said Tony Moran, the senior press officer on the flagship Hermes, helped to create and foster suspicion on all sides. The military censors did not come in for as much criticism as the civilians working for the Ministry of Defense in London.

There were attempts to use censorship for news management and selectively back up Ministry of Defense statements," Mr. Hanrahan said.

No foreign correspondents were allowed to join the Falklands task force until almost a month after the fighting ended. The parliamentary committee, which may make some recommendations next week,

is only taking testimony from British journalists.

Arms Ban to Continue

LONDON (AP) — Britain will maintain an arms embargo against Argentina and a protection zone around the Falklands until Buenos Aires gives "clear and reliable indications" it will permanently cease hostilities, Foreign Secretary Francis Pym said Wednesday.

He told the House of Commons in a written reply to a question that economic sanctions against Argentina will continue until the Argentines lift them.

Britain lifted its 200-mile exclusion zone around the Falklands on July 22, but told Argentina to keep its military ships and aircraft out of a 150-mile area around the islands to minimize the risk of clashes.

Argentine forces on the islands surrendered to the British on June 14, ending the 74-day undeclared war.

U.S. House Backs State Control on Military Pensions

New York Times Service

WASHINGTON — The House has voted to return to the state courts the matter of what to do about military pension benefits in case of divorce.

Last summer, in McCarty v. McCarty, the U.S. Supreme Court ruled that military pensions could not become part of a property settlement in a divorce. The court found that the possibility that such benefits would be divided with a former spouse might detract from the retirement system's ability to attract enlistees. The court also said that it was up to Congress to provide more protection for former military spouses, if it wanted.

That is what the new measure was drafted to do. It would return the legal situation to the way it was before the Supreme Court ruling, leaving jurisdiction in family and property matters to the state courts.

A similar bill was approved unanimously by the Senate Armed Services Committee on July 14 and is now expected to go to the Senate floor.

Latin Seek UN Talks

CARACAS (AP) — The presidents of Panama and Venezuela called Wednesday for negotiations in the United Nations leading to Argentine sovereignty over the Falklands and an end to "British colonial presence" in the South Atlantic.

Latin American governments also should meet to discuss the collective self-defense of the region, Presidents Aristides Royo of Panama and Luis Herrera Campins of Venezuela said in a joint declaration.

Both nations supported Argentina in the invasion of the British colony, called the Malvinas in Latin America.

The two presidents, meeting here, agreed that Latin America's defensive and security system needs overhauling as a result of the Falklands conflict, and named the Latin American Economic System, a regional financial organization founded in the mid-1970s, as the most important Latin American forum to defend and fortify the common interests of its members.

U.S. House to Vote on Individual Budget Cuts

By Martin Tolchin

New York Times Service

WASHINGTON — The House has approved a plan by its Democratic leadership to bring proposed spending cuts to a vote one at a time instead of in a single package as sought by the White House and Republican congressional leaders.

Wednesday's vote of 240-170 ended debate during which leaders of each party questioned each other's motives and record of fiscal responsibility. Thirty Republicans, mostly moderates from the Northeast and Midwest, supported the Democratic leadership's plan, and 14 Democrats, mostly conservatives from the Southwest, sided with the Republicans.

Republican congressional leaders acknowledged that the vote presented new obstacles to House compliance with its own directive, in the budget resolution, to adopt \$27 billion in spending cuts through fiscal 1985.

"The spending cuts are imperiled," said an aide to the House Republican leadership. "Today's

vote wiped out the best hope we had of not having our guys walk the plank."

"It takes courage to vote issue by issue, to take your stand," said the majority leader, Rep. James C. Wright Jr. of Texas. "The question here is whether we get to vote on the merits, in the sunlight, so that the public can see how we voted."

Rep. Robert H. Michel of Illinois, the minority leader, told the chamber that "election-year politics has governed the conduct of this House for months."

"What we see here is not fiscal responsibility but political irresponsibility," Rep. Michel said, charging the Democrats with "using a vote in the House as the basis of drafting campaign news releases."

The Republicans had sought a single package of spending cuts, similar to the \$35-billion package adopted last year. By packaging the cuts, the Republicans hoped to minimize the lobbying efforts of special-interest groups. They be-

lieved that opponents would find it easier to take aim at individual cuts than to defeat a single package that was presented as exacting sacrifices from all sectors of the economy.

The Democrats, in contrast, had sought individual votes to place Republicans on record as supporting a series of separate spending cuts, many of them unpopular, in an election year.

Democrats Back Tax Rise

WASHINGTON (WP) — In a politically calculated action, the House has voted 208-197 to accept without modification Senate-passed legislation to increase taxes by \$98.5 billion over the next three years.

The measure, if enacted, would be the largest peacetime tax increase in U.S. history.

It will be subject to modification by a House-Senate conference committee, but the extraordinary action Wednesday means that the

House will have no direct influence on the content of the legislation.

Democrats averted direct House consideration of the measure as part of a strategy designed to ensure that the legislation would not be described as a "Democratic" tax bill. They voted 164-60 in favor of the action, whereas Republicans were opposed, 137-44.

Rep. Dan Rostenkowski, Democrat of Illinois, chairman of the Ways and Means Committee, acknowledged that the tactic "is an unusual strategy, if not without precedent." But he argued that "any attempt to write our own version of a \$98-billion tax bill will lead to political mayhem and severely reduce odds of passage."

The tax legislation includes 10-percent withholding of dividend and interest income; reductions in medical deductions; increased cigarette and telephone taxes; reduced tax breaks for new business investments; broadened minimum taxes on the rich, and halving of deductions for business lunches.

U.S. Aims to Help Russians Beat Ban on N.Y. Facilities

New York Times Service

GLEN COVE, N.Y. — The U.S. State Department has asked the Justice Department to review possible legal action against the city of Glen Cove to force it to lift a ban that prohibits Soviet diplomats from using the city's tennis courts and other recreational facilities.

Mayor Alan M. Parente, who joined the City Council Tuesday in refusing to lift the ban despite a State Department request not to meddle in foreign affairs, continued Wednesday to resist the growing pressure from Washington.

"Unless the State Department wants to pay up all the property taxes the Soviets have never had to pay like other Glen Cove residents," Mr. Parente said, "then the Russians will have to stay off the tennis courts."

The Russians have also been barred from city golf courses and beaches, which they used principally on weekend visits to Killenworth, a 37-acre estate here with a 49-room mansion that is used by the Soviet Mission to the United Nations. The city estimates it loses about \$100,000 a year in revenues because the Russians do not pay taxes on the estate.

Vladimir Mikoyan, a press officer with the Soviet Embassy in Washington, said, "With all due respect to the Big Apple, it's quite natural for someone who has been working all week inside an office in a place like New York City to want to go to the beach on the weekend with his family and have some rest and relaxation."

U.S. House Would Deny Loans to Draft Evaders

By Margot Hornblower

Washington Post Service

WASHINGTON — The House has voted by 303 votes to 95 to deny U.S. government student loans to youths who do not register for the draft.

More than 675,000 young men are believed to have avoided signing up since draft registration was reinstated for 18-year-old males in 1980. It is not known how many might otherwise be eligible for student loans.

The amendment to the defense authorization bill was sponsored by Rep. Gerald B. Solomon, Republican of New York.

The Senate approved similar language in May, so the provision is virtually certain to become law.

Rep. Thomas F. Hartnett, Republican of South Carolina, said, "People who want to receive financial assistance from this government should abide by the laws of the land."

Rep. Paul Simon, Democrat of Illinois, a leading opponent of the amendment, said it would "cause chaos on the campuses" and violate the tradition of conscientious objectors, upheld through World Wars I and II.

Rep. Barry M. Goldwater Jr., Republican of California, a longtime opponent of the draft, said the Solomon amendment discriminates against the poor because "if you are wealthy enough not to need student loans, you don't have to register and you can still go to school."

The much larger guaranteed student loan program under which students borrow from lending institutions, with repayment guaranteed by the federal government, would not be affected.

Few universities or major colleges are on the list of those that would become ineligible to share in the \$178 million to be allocated for direct loans for the coming year. The primary targets are small community colleges, beauty schools, technical institutions and some business and nursing schools.

Recently, a Senate governmental affairs subcommittee accused the department of not trying hard enough to collect delinquent loans.

While conceding that past efforts have perhaps been too slack, Education Secretary Terrel H. Bell said Wednesday he is reviewing plans for stepping up collection efforts, with a goal of collecting \$80 million in defaults from both types of student loans in the coming year.

Banco Ambrosiano Scandal Lifts Veil on Dealings of Vatican's Bank

(Continued from Page 1)

native of Cicero, Ill., who for the last 10 years has run the Vatican's free-wheeling, secretive bank. The bank's formal name is Istituto per le Opere di Religione, the Institute for Religious Works, and is commonly referred to as IOR.

Archbishop Marcinkus, a former chief of papal security, has been a controversial figure in financial circles because, as head of the Vatican bank, he was responsible for losing a reported \$30 million in the 1974 collapse of the Banca di Sicilia of Milan. The Sicilian financier now serving a 25-year jail sentence in New York in connection with the failure of the Franklin National Bank.

Last week, an Italian magistrate ordered that Luigi Menzies, a layman who was second to Archbishop Marcinkus at the Vatican bank, should stand trial for his role in the Sicilian scandal.

[The Vatican has refused to accept formal notices of possible legal action in the case issued by Milan magistrates against Archbishop Marcinkus, Mr. Menzies and the Vatican bank's chief accountant, Pellegrino de Strobel, judicial sources said Thursday, Reuters reported.]

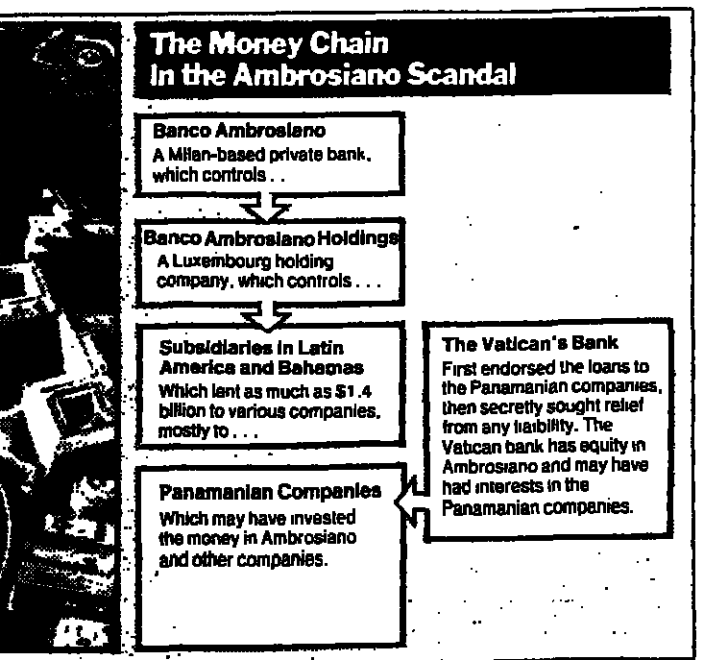
[The sources said the magistrates' letters addressed to the three men were returned unopened by the Vatican and sent to the Foreign Ministry. It was the first time that the Vatican bankers have been warned they could face possible charges in the Calvi affair.]

During 1980 and 1981, investigating officials say, Mr. Calvi mounted an extensive lending program to the Peruvian, Nicaraguan and the Banco Ambrosiano group, using funds borrowed in the Euro-dollar market that eventually totaled about \$1.2 billion to \$1.4 billion.

Most of this money was then lent to a series of Panamanian companies with names such as Belatrix, Manic and Astroline, most of which are thought to have no more than mailing addresses



The square building at right in Vatican City is the Apostolic Palace, housing the Vatican's bank.



and probably in other companies as well.

By now, one senior investigator estimated, the Panamanian companies own about 20 percent of Banco Ambrosiano.

As interest rates soared last year and the dollar strengthened, the investigators surmise that Mr. Calvi found it increasingly difficult to service his dollar-denominated borrowings with the dividends from his shares, often paid in weak Italian lire.

As his financial difficulties mounted, the investigators assume Mr. Calvi needed the Vatican letters of comfort to reassure skeptical directors of his own bank and also to satisfy foreign lenders.

The real mystery is why Archbishop Marcinkus agreed to provide the letters of comfort that he knew could be used to make lenders think the Panamanian compa-

nies enjoyed Vatican backing, while at the same time demanding a secret letter from Mr. Calvi absolving the Vatican for what must have looked by then to be an increasingly risky operation.

There is speculation that the archbishop may have wished to protect the Vatican's own stake in Banco Ambrosiano, which is assumed to be far more than the 1.8 percent shown by the latest official figures. There is also some evidence that the archbishop became alarmed by the arrangements he had made and refused to extend the letters of comfort, which expired in June. He is unavailable for interviews.

In the view of the Italian Treasury minister, Nino Andreatta, and of Mr. Ciampi, the Vatican acted improperly in issuing letters of comfort to Banco Ambrosiano at the same time as it asked the bank

to absorb it. They believe it must therefore bear at least a moral responsibility for any losses incurred.

Addressing legislators earlier this month, Mr. Andreatta said the government expects clear acceptance of responsibility on the part of the Vatican bank, "which in some operations with Banco Ambrosiano appears in the role of an effective partner."

The aim of Italian authorities, senior officials say, is to:

- Use the Banco Ambrosiano scandal to force Pope John Paul II to tighten financial controls in the Vatican, which is now experiencing its second major money scandal in eight years.
- End the Vatican bank's ambiguous role under Italian law.
- Make the Vatican pay part of any losses incurred by Banco Ambrosiano's Luxembourg holding company.

The pope's lay commission to investigate the Vatican bank is made up of Joseph Brennan, a former chairman of the Emigrant Savings Bank of New York; Philippe de Wech, a former president of Switzerland's Union Bank; and Carlo Ciriati, an Italian civil servant with strong ties to the Vatican.

The commission members will be reporting directly to Cardinal Agostino Casaroli, the Vatican secretary of state. However, some Italian bankers and officials feel that, with the exception of Mr. de Wech, the commission is an ineffective group that may not make much of an impact on the Vatican's ponderous administrative machinery.

Many feel that the reason the Vatican bank became involved in the Ambrosiano scandal is that the Vatican, which has admitted running yearly budget deficits of \$20 million to \$30 million recently, came to rely on its bank's profits to fill the gap. "IOR was under pressure to perform and that can lead to mistakes," Mr. Carli said.

Little is known about the Vatican bank except that in the 1970s

it began to diversify its investment portfolio outside Italy, selling off major shareholdings in many Italian companies. It was this policy that brought it into contact with Mr. Sindona, who handled the tricky problem of selling large shareholdings profitably on Italy's thinly capitalized stock exchange.

The bank is thought to make most of its profit from managing the funds of religious orders and churches around the world. A senior Italian official estimated that, with between \$1 billion and \$2 billion in deposits, the Vatican bank probably turns in profits of about \$20 million, or enough to make up for the Vatican's budget deficit.

The bank, which is not subject to Italy's exchange controls and banking regulations, is also thought to have been used by Italian financiers as a conduit for smuggling money out of the country, officials said.

The Italian Finance Ministry and central bank would like to see the Vatican bank's legal position changed as a further way of keeping it under control. "The aim is one bank under Italian regulation for the Vatican's lire assets, and another offshore bank to handle foreign currency balances, with no leakage," a senior official explained.

Rough estimates by the Italian central bank suggest that losses by Banco Ambrosiano's Luxembourg holding company might run as high as \$400 million to \$500 million. So far, Italian officials say, the Vatican has declined to accept any responsibility, but they hope that the lay commission may recommend such a step in order to safeguard the Vatican bank's financial reputation.

Shuttle May Land Near Florida Pad

The Associated Press

WASHINGTON — After four landings on broad desert runways in the western United States, the space shuttle Columbia will probably return next time to a concrete strip near its Florida launch pad, a senior NASA official said.

Deputy Administrator Hans Mark of the National Aeronautics and Space Administration, appearing before a congressional committee with the astronauts who returned with the Columbia earlier this month, also said Wednesday that the loss of the shuttle's two rocket boosters on that flight may have been caused by two misaligned sensors.

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Herald Tribune

Published With The New York Times and The Washington Post

Leave Beirut in Peace

From THE WASHINGTON POST

The Israeli air force bombed central West Beirut on Tuesday, killing scores of civilians. It was a raid lacking even the arguable rationale — adjacent PLO guns — that Israel has cited for other attacks in populated areas.

Israel had been making a certain headway recently in its efforts to demonstrate that accounts of civilian casualties had been greatly overdone. On Tuesday it diminished the good it had done itself.

The truth is that it is not only the PLO that is, in the recurrent phrase, "trapped." So is Israel. It did not sustain the military momentum that might have led to a quick PLO rout, and now it finds its freedom of military action hobbled by currents of questioning at home and by heavy foreign criticism.

While Israeli forces were on the march, Prime Minister Menachem Begin and Defense Minister Ariel Sharon hardly deigned to justify their movement past the 25-mile border zone that it was their initial stated aim to clear of PLO guns. Battered down at Beirut, they are increasingly desperate to show they have not overreached.

The U.S. government, while it has spoken in several voices, has generally afforded Israel a certain fuzzy tolerance for the threats and feints it has been using to force the PLO

out of Beirut and out of Lebanon altogether. This is the tack President Reagan took in his news conference Wednesday night. The Israelis would be making an immense error, however, if they thought the United States would simply twiddle its thumbs while Israel mounted the major assault that might be necessary to destroy the PLO within the city. We cannot imagine that, privately, Mr. Reagan has left the Israelis in the slightest doubt.

This does not mean the United States has pulled the Israelis' last ace. The PLO has been looking for easy political concessions from Washington, but the administration has stayed faithful to long-standing American undertakings to Israel. The administration should have proved to the PLO by now that there is no point in pursuing this tactic any more. PLO efforts to string out withdrawal negotiations are forcing a totally unacceptable prolongation of the ordeal of a city that was never consulted in the first instance when the PLO holed up there and put its fate on the line. Yasser Arafat has promised the Lebanese government to quit Beirut, and every responsible Arab government insists on it. Sudan has offered sanctuary, other places are no doubt available. The city must be freed of its Israeli and Palestinian belligerents alike.

Gandhi Visits Reagan

From THE NEW YORK TIMES

"Try, try and try again" ought to be the hallmark of American diplomacy toward India and its sometimes prickly prime minister, Indira Gandhi. India and the United States have every reason to be partners — belief in secular democracy, a flourishing trade and the logic of geopolitics. What most divides them is petty chaff.

Mrs. Gandhi does not come to Washington as a supplicant, nor are there any big and angry arguments between New Delhi and Washington. On the contrary, it is a tranquil moment. So this could be the right time for President Reagan to sweep some long-standing disputes away — like the eight-year dispute over resupplying India's Tarapur reactor with enriched uranium. Likewise, a tangle of ambiguities can be cleared away concerning the United States' ties to Pakistan, and Indian ties to the Soviet Union.

But the big item on the agenda is intractable. The picture most Americans have of India, as a vast Calcutta or a starving poorhouse, is absurdly outdated. India is an industrializing country finally able to feed itself. Despite political strains, its largest trading partner today is America, with an annual trade of nearly \$3 billion. And Mrs. Gandhi's brand of socialism is laced with the free-market policies Reagan approves.

India's relations with the Soviet Union are a matter of concern. New Delhi signed a friendship treaty with Moscow in 1971, not long after Washington "tilted" to Pakistan in a war that India won. Out of that treaty has

come an arrangement whereby India sells Russia cheap consumer goods that it could hardly sell in the West, and buys Russian weapons on terms it could not get to in the West. As a bonus, Moscow keeps India's Communists comparatively docile.

So Mrs. Gandhi is not quite a free agent when it comes to the Soviet invasion of Afghanistan, which she has yet to condemn forthrightly. Lessening this dependence on Moscow clearly ought to be the abiding aim of U.S. diplomacy. To that end the administration should seek a way to provide India with nuclear fuel without weakening nuclear safeguards. It can also ease India's legitimate fears by ruling out a rumored doubling in the fleet of 40 F-16s approved for Pakistan.

For her part, Mrs. Gandhi is plainly intent to make the best of her 10-day visit. "As formidable as she was condemning," wrote Henry Kissinger of her last arrival in Washington, when she could scarcely conceal her disdain. A good deal has happened to her since 1971: the crude suspension of democracy in 1975-77, her defeat at the polls, a triumphant return in 1979, followed by her favored son's death in an accident.

Now she is back as freely chosen prime minister of the world's largest democracy. If India gets weapons from the East, its political ideas derive from the West, and its proud and ancient culture owes nothing to Moscow. Its political maturity, which Americans take for granted, is critical to South Asian stability. Mrs. Gandhi is entitled to an attentive ear.

Other Editorial Opinion

For the Sake of Beirut

The appalling loss of life and the physical destruction in Beirut have to be halted immediately. The United States, Israel, the Palestine Liberation Organization and the Arab states must all accept some responsibility for the fate of the half million Lebanese and Palestinian civilians under siege in Beirut. Israel should at once halt its attacks on the west of the capital. Mr. Arafat, the chairman of the PLO, must take the plunge and state unequivocally that he accepts Israel's right to exist within its pre-1967 boundaries. The United States should simultaneously agree to drop its 1975 refusal to hold direct negotiations with the PLO. The Arab states must closely involved in the conflict should be prepared to accept some of the PLO guerrillas from Beirut in return for a commitment that wider negotiations will begin shortly on the future of the Israeli-occupied West Bank and Gaza.

—The Financial Times (London).

A Steel Settlement

The possibility of a trade war is real. High-ranking representatives of the Common Market and the Reagan administration are renewing talks on the steel dispute in Brussels. But, with only four weeks remaining before the Aug. 24 deadline, the hour is late.

If the global economy were expanding, it would be much easier to settle the dispute. But, in a contracting market, both the U.S. government and its European counterparts find it politically difficult to make the sort of compromises that are necessary.

In the American view, the root of the problem lies in the misjudgment of the European steel producers a few years ago in building productive capacity well beyond any reasonable projection of their own needs. The Europeans had their eyes on export markets. But

these markets failed to develop for several reasons — including the fact that Third World countries were busily building excessive steel-making capacity of their own for the export markets.

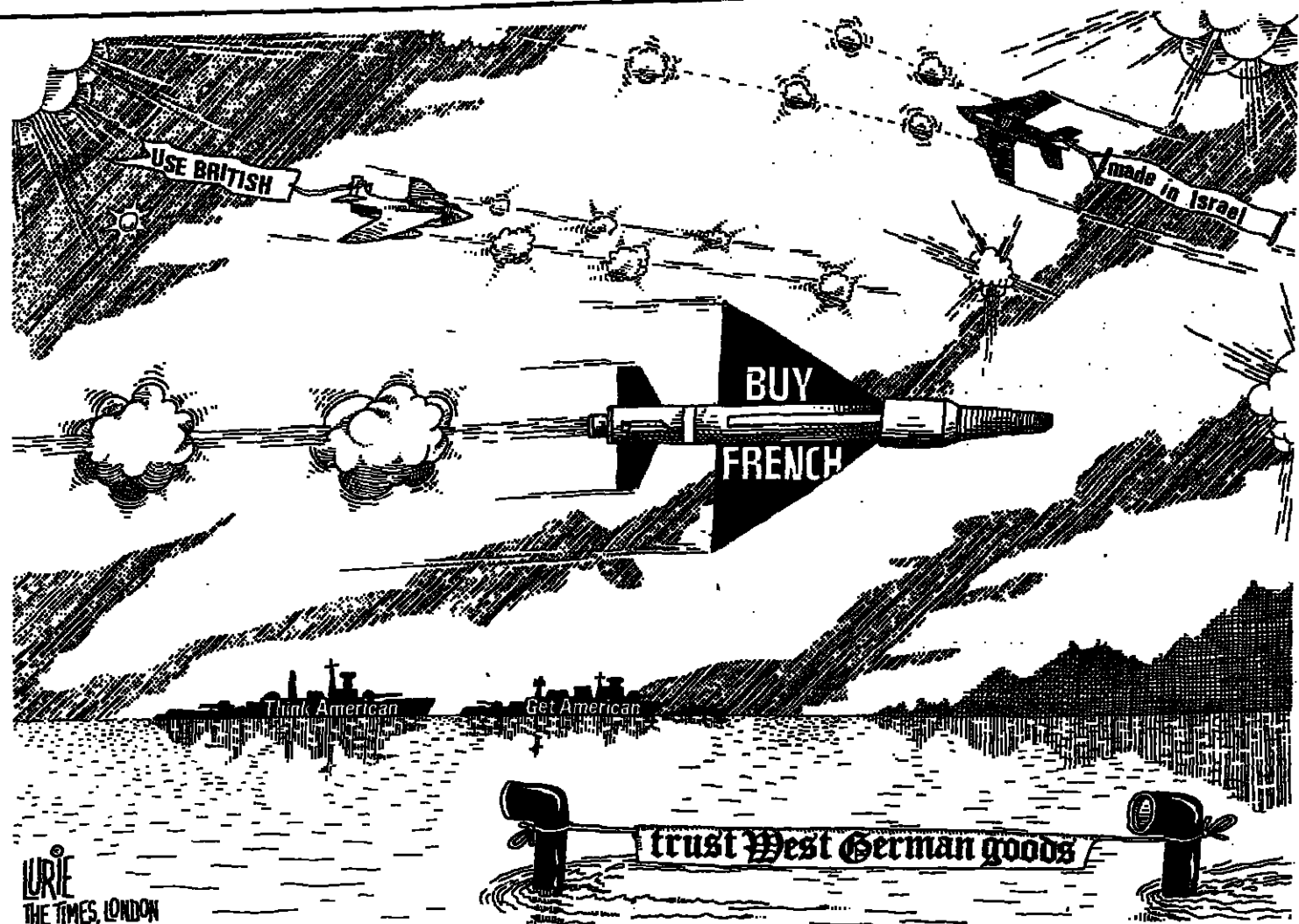
The Common Market countries, after much painful discussion among themselves, adopted a plan to shrink their steel production capacity to a more realistic size by 1985. At that time, the subsidies supposedly will end. Meanwhile, the Europeans have sought to ease the pain of transition by increasing their steel exports to the United States. Such shipments almost doubled from 1980 to 1981, and continue at troublesome levels still — this at a time when the American steel industry is operating at 43 percent of capacity, and when more than 100,000 steelworkers have been laid off. If the countervailing duties announced by the U.S. Department of Commerce stick, they will effectively shut some of the European countries completely out of the American steel market.

The Europeans point out that they buy more from America than they sell to it. They threaten to retaliate against U.S. industries, including agriculture, that profit mightily from sales in Europe.

No American should doubt the calamity that a serious breakdown of trading relationships with Western Europe would mean. The livelihoods of millions of farmers and workers are involved. The fact that the Europeans stand to be hurt even worse is small comfort.

By any common sense standard, the two sides should be able to get together. In earlier talks, the Common Market sought 6.3 percent of the American steel market, while the Reagan administration offered a maximum 5.3 percent. That is a ludicrously small difference, considering the enormous economic, political and military costs that will be incurred if the negotiations fail.

—The Los Angeles Times.



The Weapons Business Can Boomerang

By Flora Lewis

PARIS — A nasty little quarrel has broken out between the French and the British, another example of what is to be expected as the world arms trade grows ever larger and more advanced.

London's Sunday Times quoted a French engineer at Argentina's Bahia Blanca air base as saying that he and his team fitted Exocet missiles to French-built planes during the Falklands war. The report suggested it was a secret and perhaps deliberate breach of France's military embargo, enabling two British ships to be sunk.

The French government is furious. A flat public denial has been issued, and privately officials say darkly that they think the British government had a hand in magnifying the story "at a time when unity of European states is an imperative necessity." That is a reference to the European-American quarrel on the Soviet gas pipeline deal, steel and other issues. Further, the French note that they gave substantial "operational" help to the British, and warn that if charges of disloyalty to an ally are not stopped, they might reveal some "direct or indirect" breaches of the blockade by British arms firms.

Before making its statement, the French government held an investigation "because it's true, strange things can happen in the arms trade," an official said. Hervé Colin, the Dassault engineer who headed the team sent to Argentina last November along with the first batch of Super Etendard planes, was summoned to Paris.

The government concluded he did not have the expertise to adjust the missiles. That was to have been done by a team from SNIAS, the state-owned producer of Exocets, scheduled to reach Argentina on April 10 but held back in France when the embargo was imposed on April 7.

However, the French pointed out that Argentine technicians had been working with the planes and missiles for seven years. "The British think the Argentines are underdeveloped monkeys, and maybe they are politically and economically, but their technicians are good," a knowledgeable French source said.

The point ranked, because at the start of the war Paris told London not to worry too much about the Exocets since the French specialists were not going to install them. Further, the French sent Super Etendards and Mirages to make mock attacks on the British fleet sailing to the Falklands so it could practice against the French equipment. The other "operational" help is still being kept secret for fear of upsetting other French arms customers.

The whole incident shows what sensitive political problems are being fused by the flourishing modern arms trade, and how likely there are to be future explosions. There have been an important leap in the quality as well as the quantity of arms transfers in the last seven or eight years, virtually all of it under the close supervision if not actual command of governments.

Until then, most big sales to developing countries were of surplus or obsolete equipment. Two events changed the pattern of purposeful production of advanced equipment for export.

One was the 1973 oil crisis, which spurred the search for ways to earn back petrodollars. Sale of expensive weapons suited perfectly.

The other was the end of the Vietnam war, which brought America back into the export market so it would not have to shut down plants.

During the Carter administration, efforts were made to negotiate some restraints on this monstrous extravagance in a world that contains so much hunger and poverty. Three-quarters of the \$30-billion worldwide arms transfers now go to countries in the Third World.

But the talks with the Soviets broke down. Andrew Pierre, who wrote a recent book about the arms trade, thinks the United States gets agreement among all major Western suppliers first, and only then seeks an overall deal with Moscow.

Officials consider that wildly optimistic. The real momentum comes from buyers, not exporters. Repeatedly, big Third World countries have blocked attempts by small European countries to get even a comprehensive study of the trade launched by the United Nations. The customers are still more eager than the merchants of death, so there is not much hope of limiting demand.

The chance of restricting supplies is probably limited to less than produced by more than three or four countries. Even then, a French Defense Ministry expert said, there is always somebody who finds an overriding political reason to make a sale, and then everyone wants to compete.

The only realistic way to impose a ceiling at least on the quality spiral is to identify new weapons under development and apply an agreed ban. "Once the production line gets going, it's too late," the expert added.

But a try must be made, by public demand. As the Franco-British rift shows, nobody can be sure when his own or his ally's arms will be turned against him. The one sure thing is that some of the weapons will be used, somewhere.

The New York Times.

Among the World's Bankers, a Loss of Nerve

By Jonathan Power

BALTIMORE — Azizali Mohammad is viewed by many as the eminence grise of the International Monetary Fund, whose external relations department he heads.

His achievements include helping sort out some of the contradictions of the British economy and acting as special adviser to the Saudi Treasury when it had more money than acumen. He was an important voice within the IMF in encouraging it in early 1980 to respond to the growing debt crisis of the Third World by pumping out \$15 billion in new loan commitments.

So, when last week in a discussion with bankers and development experts at the 25th anniversary conference of the Society for International Development, Mohammad poured cold water on the suggestion that the IMF should mount another rescue operation of these proportions, it caused ripples of anxiety.

The debt problem, bad in 1980, is even more severe today. And banks, feeling vulnerable, are decreasing their loans and, as Robert McNamara, the former president of the World Bank, said at the confer-

ence, "making it harder for the world economy to get out of recession through a real trade-led recovery."

It is not that the bankers necessarily fear a major Third World default — although few at the meeting entirely discounted one, and the fact is that South Korea, Brazil and Mexico alone owe the banking system more than the total capital and reserves of the nine largest U.S. banks. But they can see danger looming.

If they each follow the kind of cautious course that the IMF policy in effect encourages, they are going to substantially erode the credit base of the world economy, deepening and lengthening the present recession. As McNamara argued, the bankers' caution is undermining growth "as surely as a major default itself would."

What part of Mohammad's rationale for prudence is understandable — the big IMF loans of 1980 and 1981 are still being digested by the 43 countries who received them — part could be self-defeating.

He argued that the IMF took the

plunge in 1980 because it thought the recession would be coming to an end. Now the IMF is less optimistic about the prospects for renewed growth and, just like the commercial banks, is worried about the ability of some of its borrowers to repay.

But if the IMF follows this course, the world economy will deflate further and the ability of borrowers to repay will be curtailed, and this could bring on the defaults the bankers seek to avoid. The worrying signs are there aplenty. Already the short-term debt of the middle-income developing countries is more than twice the longer-term obligations.

The number of countries in arrears is 26, compared with four in 1974, and the amount in arrears has risen from \$300 million to \$5.5 billion. New lending is going solely for the servicing of old debt, not for new investment. The poorer developing countries in Africa, for example, are receiving almost no commercial cash.

It is doubtful that one of the big debtors — Brazil, South Korea or

Mexico — will default soon, as they have considerable resilience. But one or two smaller countries could quite easily. And this could cause individual banks to reduce credit by a multiple of their non-repayment, thus bringing bigger borrowers closer to the margin of default.

Is not this vicious downward cycle what the IMF is there to avoid? But there are no signs that the IMF is persuadable. Indeed, some IMF officials are saying, privately and provocatively, that maybe the big \$5.8-billion Indian loan of 1981 was not really necessary, because the Indians are merely using it, in effect, to buy Mirage jets. Most other Third World countries could prance, if not military expenditures, some other wasteful part of government spending.

Robert McNamara met this mood of intransigence head-on. At the conference he called for a new world monetary institution, some form of international lender of last resort — in short, a world central bank. His inference seemed to be that if the IMF could not do the job, a new institution should be allowed to.

"Of course this cannot simply be a device to bail out banks that have made imprudent loans," he said. "A leader of last resort must be able to modify the behavior of banks that may otherwise, later, make excessive claims on him. But if defaults can echo through the system, bankrupting the prudent along with the imprudent, perhaps the morality of insurance is a better guide than the morality of punishment in the management of international financial flows."

McNamara finished his plea with a quote from Barbara Ward, "We must be headstrong," he said, "in an economic environment in which everyone — the banks, the IMF and the politicians — is losing his nerve, this was bold rhetoric."

But is anyone listening? International Herald Tribune.

In America, a Grim Anniversary

By Chalmers M. Roberts

WASHINGTON — Fifty years ago this week, a "bonus army" of jobless World War I veterans was driven out of Washington, an act that symbolized the depth of the Great Depression and the paralysis of the government in dealing with America's worst economic disaster.

Father James Cox of Pittsburgh had already led one jobless march on Washington, the Communist Party another. The bonus army began in Portland, Ore. By early summer 20,000 veterans and relatives were in Washington, calling themselves the BEF — bonus expeditionary force. The ostensible purpose was to pressure Congress into voting immediate payment of a veterans' bonus.

Rep. Wright Patman's proposal was to pay \$1 for each day served in the United States, \$1.25 for days spent overseas. The Democratic-controlled House approved, but the Republican Senate refused while thousands of the vets jammed the Capitol grounds. They sang "America" and peacefully went back to their camps. These were shack villages thrown together at several locations, principally on the Anacostia's east bank and on Pennsylvania Avenue.

On June 7, as 100,000 watched, some 3,000 vets marched down Pennsylvania Avenue in what The Post called "the strangest military parade the capital has ever witnessed." By mid-July the White House was "guarded from veterans" by "the greatest massing of policemen seen in Washington since the race riot after the world war." Inside the mansion sat a besieged President Hoover. Police chief Pelham D. Glassford, World War I's youngest brigadier

general, wanted to feed the vets, not fight them. Evelyn Walsh McLean, who owned the Hope diamond, impulsively ordered a thousand sandwiches. Glassford paid for the coffee. But the District commissioners, under White House pressure, ordered evacuation of the camps.

Glassford tried persuasion to no avail. Skirmishes turned into a brawl, and then a panicky cop pulled his revolver. One vet was killed, another wounded; he died later. Hoover called on the Army to "put an end to rioting and defiance of authority."

It was 4:30 in the afternoon of July 28 when Chief of Staff Douglas MacArthur appeared on the avenue. With him was Maj. Dwight D. Eisenhower. Third Cavalry troopers, sabers drawn, pranced down the street under command of Maj. George S. Patton Jr., followed by infantry with fixed bayonets, a machine gun detachment, troops with tear gas and six midget tanks, their treads eating into the heat-softened macadam.

Some 20,000 rush-hour spectators watched as the troops charged the vets. Tear gas spread a haze over the avenue as spectators fled. It was quickly over as the bonus marchers retreated, the flames and smoke from their torches shrouding the Capitol dome for photographers. The bitter vets finally surged out of town. MacArthur claimed the "mob" had been "annihilated" by the essence of revolution. Some of those involved were, indeed, would-be revolutionaries, but that was not the veterans' motivating force. Despair was one

vet said, "If they gave me a job, I wouldn't care about the bonus."

Out of that disaster later a century ago came the New Deal of Franklin D. Roosevelt, which constructed the basic ribs of the economic safety net that is now being so severely strained by Reaganomics.

However, one has only to look at mid-1932 to see what a different safety net it was before there was any safety net at all. In 1932, unemployment averaged 23.6 percent and unemployed men sold apples for a nickel on thousands of street corners. Today the figure is 9.5 percent and nearly half these jobless draw some form of unemployment insurance. Social Security provides a bedrock income for the elderly, and Medicare provides for health care.

Yes, unemployment benefits expire, welfare payments get cut off, inflation pinches millions, bankruptcies multiply and America is in the worst recession since 1932. There are rents in the safety net, and even some holes — but the net is there.

November's elections should tell us whether the voters want that safety net to remain, even to be repaired, or whether President Reagan does have a mandate to unravel still more of it.

The Washington Post.

Letters intended for publication should be addressed to the editor and contain the writer's signature, name and address. Brief letters receive priority, and letters may be abridged. We cannot acknowledge all letters, but we value the views of the readers who submit them.

Guatemala Can't Do It Both Ways

By Allan Nairn

NEW YORK — There is a village in northern Guatemala that keeps a list of townspeople who have been executed by the army. In June, this year's roster passed the 400 mark, nearly half of them women and children. The latest entry, a man suspected of giving food to the guerrillas, was chopped into tiny pieces.

This may look like mere manic savagery — but U.S. policy-makers should reflect long and hard on the mandate they have been sending before they go hurrying off to Guatemala generals.

For years Washington has been asking Guatemala both to defeat the guerrillas and to honor human rights. By assuming that both goals can be pursued at once, the United States has done more than misjudge Guatemalan reality. It has discouraged the Guatemalans from facing the need for a political settlement.

In addition, it has kept U.S. opinion from confronting the prospect that the massacres may not be mere acts of irrational excess but tactics needed to achieve a policy goal endorsed by the United States.

It might be possible to pursue both counterinsurgency and human rights if the guerrillas were few and isolated. But as peasants, guerrillas and army troops will attest, that is not the way it is in Guatemala.

It is one thing to ask an army to honor human rights when its main problem is distinguishing between the guerrillas and the people. It is something else again when the guerrillas have so many civilian collaborators, old men, women and children among them, that in entire towns and districts, for all intents and purposes, the guerrillas are the people.

When asked about army killings of unarmed civilians, Gen. Efraim Rios Montt, Guatemala's military ruler, said: "Look, the problem of the war is not just a question of who is shooting. For each one who is shooting there are 10 working behind him."

His press secretary, Francisco Banchi, said: "The guerrillas won over many Indian collaborators. Therefore the Indians were subversive, right? And how do you fight subversion? Clearly, you had to kill Indians because they were collaborating with subversion. And then they would say, 'You're massacring innocent people.' But they weren't innocent. They had sold out to subversion."

On April 1 the Rios Montt government adopted a confidential security plan that acknowledged: "The manpower, armaments and equipment of the Guatemalan Army are not sufficient to cover the different fronts presented by armed subversion."

"It's very hard," a soldier complained in a dusty village. "There are so many of them. They're more popular than we are. Very few of the guerrillas were armed, he said, 'but we have to kill them.'"

The military has been given the task of defeating a class uprising. Yet the United States has become convinced that this somehow can be done in a way that is painless to the North American conscience. Keep the peasants in their place but don't violate their human rights. This concept encourages Guatemalan military men, and they have a point.

If the United States is serious about wanting to defeat the Guatemalan guerrillas, it must face up to what the implications. It is a commitment not just to an expensive war of attrition, but also to bloodbath. It will be a bloodbath not because the Guatemalan soldiers are irrational but because their enemy is a large portion of their own people, and to defeat them they must kill them.

Government handouts and sophisticated counterinsurgency plans offer no way around this ugly truth.

Three-fourths of rural Guatemalans are malnourished; 50 percent die before the age of 5. Plantations "need" their respect not comply with the minimum wage of \$2.00 per day, according to the security plan. The government, whose taxes take one of the lowest percentages of gross national product in the world, cannot afford an effective welfare program.

Gen. Rios Montt's Vietnam-style strategy has only increased the killing. Under cover of what the security plan calls "psychological action at all levels," the army has devastated the countryside. A rightist newspaper recently listed 384 victims of 30 massacres; an editorial blamed the army for the deaths, not the guerrillas.

By ingeniously demanding the impossible — military victory with human rights — the United States frees the oligarchy, which dismisses the rights complaint and runs with the military mandate, from pressure for negotiations. This demand helps Americans forget that they are allied with a government whose survival depends on its ability to kill its citizens.

The writer, a journalist specializing in Central America, returned recently from a three-month tour of Guatemala. He contributed this comment to The New York Times.

LETTERS TO THE EDITOR

Bad to Worse?

Regarding "Can Reagan Inspire Confidence?" (JHT, July 26):

James Reston makes a rare overstatement in speaking of "the staggering blunders of Washington" over the past 20 years. Vietnam, Watergate and Iran were failures, but those were years of unprecedented economic growth and of policy agreement with the allies. The blunders of the Reagan administration in the last two years have led to economic paralysis and to relations with NATO partners that make them sound like enemies.

ALFRED E. DAVIDSON.

Bradford Defended

Regarding "A Roll Call of British Architects" (JHT, July 17):

This article has done Bradford on

Avon a grave disservice. In the postscript you mention services offered around our town (but not in it), all of them many miles away.

It is difficult to be a small town, but it is even more difficult to be a small town in a big world. Within the old houses and inns there is some of the best accommodation in the country.

MA. RIDYARD.

Bradford on Avon, England.

Turning Him Off

Regarding "Should Women Phone for a Date?" (JHT, July 17):

Women make the moves which signal to men that they can make the "first" move without embarrassment to either. Altering relations perfectly regulated by instincts turns healthy males off American women.

S.V. PLETTERBERG.

Madrid.

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هكزام الثفل

Japan, With Tradition Of Consuming Whales, Bridges at Hunting Ban

By Henry Scott Stokes

TOKYO — The decision last week by the International Whaling Commission to ban commercial whaling in three years has opened a wide gap between the West and Japan.

The difference is in part commercial. Japan is the world's leading whaling nation, with 1,300 jobs directly involved. The whaling industry exists in related industries.

Nearly one-third of the 14,000 whales caught last year were taken by the Japanese, and they yielded a value of \$44.4 million in primary products such as meat. Secondary items such as bone produced further income.

But the nub of the issue is the large cultural and historical differences in attitudes toward whaling between Japan and the West. The Japanese do not see why Americans, who pushed through last week's decision, should think it cruel and barbaric to kill whales but not sheep, cattle or poultry.

Tadakatsu Seguro, a television commentator, said after the ban was announced that the problem is "a cultural conflict that is difficult to solve."

The taste for whale goes back to A.D. 702, when Buddhism was introduced from China. Meat-eating was stopped and whale, which was defined as a fish, became a rare delicacy.

It seems hardly surprising that the Japanese, deprived of other meat and living on islands in search of whales, developed a taste for it.

Mr. Seguro remarked in his television commentary, however, that the eating of whale has dropped since the immediate postwar years.

Russia Says It Has No Caribbean Base

United Press International

MOSCOW — The Soviet Union says it does not export revolution, has no bases in the Caribbean and will not recognize any claim by the United States to the region as a sphere of influence.

"Extending the network of the Pentagon's military bases, the U.S. spreads inventions about mythical Soviet bases in Cuba, Nicaragua and Grenada," a Novosti Press Agency analysis said Thursday.

The comment on the Caribbean followed the signing Wednesday in Moscow of economic agreements between the Soviet Union and

While meat is no longer easy to find, McDonald's hamburger stands abound, not whale carcasses. The manager of the Kujiraya, a restaurant in the Shibuya section of Tokyo that specializes in whale, said he has 400 to 500 customers a day, but that is regarded as exceptional.

Hypocrisy Imputed

Yet the decline in whale eating does not mean that there is no longer a special place in Japan for the whale. The Japanese, Western attitudes on whales appear hypocritical, if not racist.

Who stripped Japan's seas of whales a century or more ago? Western whalers, mostly Americans.

Why did Americans first come to Japan? Commodore Matthew Perry brought his ships here in 1852 to obtain water and coal stations for American whalers.

"You might say there's been a reversal of roles" between the 19th and 20th centuries, said Nobutoshi Hagiwara, a historian. First the Americans were the aggressive whalers, and the Japanese were horrified spectators unable to compete. Now it is almost the other way around, he said.

"It is time to stop simply bashing the Japanese," said Joanna Gordon Clark, a British conservationist writing in The Times of London last week. She warned that a total ban could break up the International Whaling Commission "just as it is becoming a real force for conservation."

Much better, she said, to let Japan go on catching limited numbers of whales that are not threatened with extinction and to concentrate on protecting the endangered species.

Grenada, the former British colony in the West Indies.

Prime Minister Maurice Bishop of Grenada said his country seeks to develop "the closest possible links and relations with the Socialist world community and particularly with the Soviet Union."

Novosti said the Reagan administration had offered Grenada financial aid if it would break relations with Cuba and had threatened it with force if it would not. "Times have passed when big powers dictated to small countries what policies they must conduct and with which states they can maintain friendly relations," Novosti said.

China Fuels Dispute Over Japan History Textbook Revisions

Tokyo Will Explain

By Hebe Dorsey

PARIS — The Paris couture week ended Thursday with the soothing, uneventful collections of Madame Grès and Hanse Mori, two designers who have their own style and are not reaching for the moon. Both are strong on evening wear, but while Mori is known for the poetic quality of her prints, Grès is famous for her draped jersey, Greek goddess-like dresses.

Madame Grès is a designer's designer, who is getting on in

years but who still hovers around until the last minute, her scissors dangling from her neck. Here is one of those collections that no pro worth his or her fashion salt would miss, despite the fact that she comes last and that her shows move at a snail's pace.

That is why, in her small, white, intimate salon, where nothing has changed in the past 30 years and her customers Thursday included the diminutive but strong-minded Countess Christiana Brandolini. Sitting on the side was also Grès's granddaughter, 15-year-old Anne, who is vacationing with her but is more interested in the theater than in fashion. She said she really does not understand where her grandmother finds her inspiration. "She never gets out of the house," she said.

Love of Fabrics

Actually, Grès does not need to go anywhere. Her talent springs from a long and intimate love affair with fabrics, all fab-

rics. She once said that she lets fabrics take over a design. So, the way bulky mohair floats about the shoulders has something unreal, as if it was just thrown on the body. But when it comes to fluid jerseys, Grès's implacable hand takes over and drapes to death, in a totally perfect array of neatly folded pleats. As for taffeta, she pushes and fluffs it up, so that it looks like a beautiful soufflé.

The most refreshing part of this collection is that one is not looking for trends but for a look, which can be surprisingly young and sexy at times. While some of Grès's dresses float over the body, quite a few fit like second skins and are a real challenge, even for the super-thin.

The collection opened with a green jersey tabard over a white, turtleneck knit dress. Besides perfect coats, especially the gray flannel ones, Grès showed quite a few ponchos, including some light and flimsy rainproof ones, with wings that folded in the back. She also had short draped jersey dresses, with contrasting shawls across the shoulders, a favorite style with Princess Grace of Monaco.

There is always a note of mystery in Grès and this time, it was most noticeable in the long black mohair cape, hiding a very black sequined sheath. But as usual, the four dresses at the end, with their draped bodices, were the ones everybody was waiting for. Grès once said she was tired of them but she did manage to update them with a loose, half cape, floating off one side.

Mori, whose widespread operation includes New York and Pe-

Grès, Mori Gowns Wrap Up Paris Showings

By Hebe Dorsey

International Herald Tribune

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king, is probably the most international of Paris couture designers. She does, however, love her Paris base because it gives her credibility and international prestige. Actually, she is on her way to becoming a fashion superpower, being as she is, at the start of new Japanese fashion wave.

Her "The Best" fashion

awards were started four years ago. They are held at the end of November in her Space building on the Ginza and have helped attract the best of international design to Tokyo. Her international mix has included designers from Milan, Paris, London and New York. After Karl Lagerfeld, Valentino, Gianni Versace, Giorgio Armani, Calvin Klein, Perry Ellis and Bill Blass, she is having this year both Valentino from Rome and Norma Kamali from New York.

Flannel Coats

Mori's polite clothes included good gray flannel coats, and black and white suits, with pleats down the front and a slightly clerical, white collar edging. But basically, she has understood that the way to make it over here is to be Parisian while remaining faithful to her roots. That is why her collection was perfectly balanced — on one side, Parisian clothes, as in her opening (white jacket over black and white, giraffe-stenciled skirt); on the other, the pastel chiffons, entirely re-embroidered, and very Japanese in feeling.

When all is said and done, the most remarkable thing about this couture week is that it still has such an impact both with French and American socialites, who forsake yachts and chateaus to make the scene. Baroness de Portanova flew in for a day from the south of France with a load of friends aboard her private jet, just to see the Saint Laurent and Givenchy collections.

The dollar's strength, no doubt, helped bring the Ameri-



Hanse Mori: Embroidery.



Madame Grès: Flounce.

Goldwater Says U.S. Offered China Limit on Taiwan Arms

By Hedrick Smith

New York Times Service

WASHINGTON — The Reagan administration, still negotiating with China on a joint statement covering U.S. arms sales to Taiwan, has offered to agree that Taiwan will not receive any higher quality or greater quantity of U.S. arms than it is now receiving, according to Sen. Barry M. Goldwater.

But U.S. officials said Wednesday that China has not yet given a final reply to the U.S. offer relayed to Peking several days ago through U.S. Ambassador Arthur W. Hummel Jr.

John H. Holdridge, assistant secretary of state for East Asian and Pacific affairs, briefed the Senate Foreign Relations Committee Tuesday on U.S. exchanges with Peking.

He refused to discuss the matter,

but Sen. Goldwater, Republican of Arizona, said the U.S. side had offered a pledge "not to sell Taiwan any higher quality or quality of arms than we are doing now."

Sen. Goldwater suggested that if Peking accepted the U.S. approach, it would lead to a gradual phasing out of U.S. arms supplies to Taiwan because of the inflationary rise in the price of weapons systems, especially jets and tanks and electronic equipment.

The administration's suggestion displeases both pro-Taiwan conservatives like Sen. Goldwater, who want an indefinite U.S. commitment to arm Taiwan, and the Chinese leadership, which has threatened to curtail relations with Washington unless the United States agrees to halt all arms supplies to Taiwan at some fixed date.

Administration officials, refusing to comment on the details of

delicate negotiations with Peking, acknowledge that the Chinese government has protested lately over U.S. plans to proceed with co-production of F-5E fighters with Taiwan and the refusal to agree to an ultimate arms cutoff.

The U.S. proposal did not specifically mention the F-5E fighters, the most controversial weapons system, officials said, but that was implicit because the United States has provided the F-5E in the past and President Reagan decided last Jan. 11 to let Taiwan buy additional F-5Es.

Sen. Goldwater said the language of the U.S. approach "is the work of State Department officials who want to blow Taiwan out of the water."

"If I were Peking, I'd grab this because there'll come a time when we can't sell more arms to Taiwan," he said.

Sen. Goldwater, who has been pressing the administration to move ahead on a new arms agreement with Taiwan, said that Mr. Reagan had told him on July 15 that he would make a decision this week to send Congress formal notification of approval for Taiwan to produce more F-5Es under license from the Northrop Corp.

But the White House has evidently held up that action, waiting for some response from Peking and anxious to minimize the damage to Chinese-American relations of a new announcement of U.S. jet fighters for Taiwan.

Peking contends that such a step would infringe on Chinese sovereignty and run contrary to U.S. diplomatic recognition of China. But the administration has asserted a continuing commitment to contribute to Taiwan's arsenal.

Under the Carter administra-

tion, U.S. sales of arms and military services to Taiwan were running at more than \$300 million in fiscal 1979 and 1980, but dropped dramatically after that along with the step-up in U.S. diplomatic relations with Peking.

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1990	44 1/2	Humana		2.8	9	231	15	15%	15%	2370	119	Merck		1.32	17	170	160	170	160	170	160	22	300	Reynolds		14.50	12	120	120	120	120
1990	44 1/2	Humana		2.8	9	231	15	15%	15%	2370	119	Merck		1.32	17	170	160	170	160	170	160	22	300	Reynolds		14.50	12	120	120	120	120
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Tables include the nationwide prices up to the closing on Wall Street.

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(Continued on Page 10)

U.S., 2 Brokers To Lower Costs Of Home Loans

NEW YORK — A Federal agency and two leading brokerage houses have announced a program aimed at making \$500 million available for home loans below current rates.

The plan, announced Wednesday by Federal Home Loan Mortgage Corp., Merrill Lynch & Co. and Salomon Brothers, would grant mortgages at lower rates. Monthly payments would increase by 10 percent each year, with the extra payment applied toward reducing the principal.

The program hinges on a little-used type of home loan called the growing equity mortgage, or GEM. A GEM loan, which is expected to carry an interest rate at least one percentage point lower than traditional 30-year, fixed-rate mortgages, applies a growing portion of the borrower's monthly payment to the principal amount of the loan each year.

With the housing industry in a slump as a result of high interest rates, there is a pressing need for a mortgage that offers the consumer a lower interest rate, it can be readily sold by original lenders such as savings and loan associations and mortgage bankers and satisfies the desire of investors for a medium-term security.

Lewis S. Ranieri, a managing director at Salomon Brothers, estimates that under current market conditions the GEM loans will carry an interest rate for the home buyer of 10 to 14 1/2 percent.

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Horowitz, the Last Virtuoso

by Harold C. Schonberg

NEW YORK — Our age distrusts flamboyant virtuosity or highly emotive self-expression of any kind. Yet no artist can have too much technique, and that goes for writers, painters and musicians as well as musicians. Most of us are asked if he was not ashamed of showing off his technique. "Is Rocker (the name of his millions) he answered."

For what good are the noblest ideas if the fingers or vocal cords cannot put them into effect? It is a truism that technique must be placed at the feet of the goddess of art, but without the technique to begin with, the artist cannot go very far. Yet in our present climate it seems to be regarded as next to original sin if a musician lets loose and shows that he is not ashamed of demonstrating these superior fingers, vocal cords or baton technique.

These thoughts are prompted by the recent Vladimir Horowitz concert in London. Those in the Festival Hall or the millions around the world who watched the telecast caught the 75-year-old pianist in a typical program, typically played: Scarlatti, Liszt, Chopin — all rolled from his fingers in the style so peculiarly his own, so different from the style of every other living pianist.

The concert made one realize again, as if any reinforcement were necessary, that Horowitz is unique. He is not only the last of his kind, in the history of piano playing he could very well be the only one of his kind, and when he goes, there will be nobody to succeed him. That may sound like a sweeping statement, but let's take a look at the facts and ask a few questions.

There will be nobody to succeed Vladimir Horowitz because where most pianists today play much the same repertoire much the same way, Horowitz is a complete individualist whose style is a throwback to the Anton Rubinstein tradition. Nobody, because no other living pianist's tone and sonority remotely resemble those of the volcanic Horowitz. Nobody, because today's training is alien to the kind of freedom and divine right of the performer that Horowitz represents. Nobody, because the famous Horowitz technique, even with a few slips these days, is in a class by itself. And, above all, nobody, because no pianist these days brings the sheer excitement to a recital that Horowitz does. As a result he is in a position to charge fabulous fees — the highest in musical history — and play relatively few concerts a year.

Some of the younger pianists today have techniques on a Horowitz order. Think of Alexis Weissenberg, Horacio Gutierrez, Maurizio Pollini, Vladimir Ashkenazy, Martha Argerich, to name but five. They are brilliant pianists who have made fine careers. But none of them brings to their playing the quality of freedom, excitement, daring, abandon and color of Horowitz at his best. Not, with all of their gifts, do they have the ultimate technique of Horowitz in his great days.

There are those who regard Horowitz primarily as a technician, a circus performer interested only in bending music to make an audience gasp. That is not true, but Horowitz in recent years has suffered from a bad press from those who think virtuosity is a dirty word. It is, of course, what one does with the virtuosity that

counts, and through the years Horowitz for the most part has managed to use his virtuosity for legitimate musical purposes, reserving his stunts, such as "The Stars and Stripes Forever" and the "Carmen Fantasy," for encores (and he does not even play those any more). His playing has its share of neuroticism, he does not organize large-scale pieces in the kind of clear-cut manner that the severe school of critics demands (to them, pianists like Alfred Brendel are the ideal), and he can pull phrases into peculiar shapes.

But this is an old story, one that has constantly been with us. In the last century, for instance, those who upheld Clara Schumann as the ideal could not stand the playing of Franz Liszt. And it worked the opposite way, too. "If you want to hear how Schumann should not be played," Liszt once said, "listen to Clara." The subjectivists and objectivists, yin and yang, are always with us.

It is true that a case can be made that Horowitz today is a much more mannered artist than he was before the war. His style has changed through the years. Today he is very conscious of being Vladimir Horowitz, the sole survivor of an old school. But when he broke on the scene in the 1920s he was only a major talent among a group that included such giants as Sergei Rachmaninoff, Josef Lhevinne, Josef Hofmann, Ignaz Friedman, Moritz Rosenthal, Leopold Godowsky and Benno Moisewitsch.

All of those were Slavic pianists, and Horowitz was of that tradition. He was instantly pegged as the brilliant newcomer he was — a pianist with steel fingers, an immense sonority, formidable rhythmic drive and a straightforward musical approach. A great pianist had appeared, and Hofmann once told this writer that of all the young pianists Vladimir Horowitz was the one who was going to carry on his and Rachmaninoff's tradition.

In a few years Horowitz became a superstar and has remained one ever since. Almost always, superstars are superstars because they give the public something that no other performer can. Horowitz was, and has remained, an electric pianist. It was not only his amazing technique that drew full houses all over the world, Horowitz in addition had that ingredient X, and anybody who can work out the formula and bottle it is going to be a very rich man. Whatever the mysterious ingredient is, it imbues an artist with a quality that comes right over the footlights and enters into the ears and actual breathing of every listener.

Horowitz transmits an extraordinary amount of personality, and without that no superstar career can be made, no matter how musical, how thoughtful, how sincere an artist. It is not even showmanship. Certainly Jascha Heifetz, who had ingredient X in quantum doses, did nothing but come out and play, never smiling, always reserved. But something colossal reached out and smothered an audience. Horowitz has much the same aura, and it excites the public in the direct ratio that it drives some critics crazy. To them, Horowitz is anathema: a musician who represents vulgarity, who has prostituted his remarkable gifts.

In his early days Horowitz had a very direct approach to music, and that may come as a surprise to those who have taken note of his current mannerisms.

A comparison of his three recordings of the Rachmaninoff Piano Concerto No. 3 is instructive. His version with Alfred Cortot in the late 1920s is stunning. It has very little



Vladimir Horowitz rehearsing in London.

mannerism, the lines are sculpted, all technical problems are gorgeously solved, the playing is big without the least hint of overstatement. It is an approach favored by most young pianists today, except that none of them has the authority and sheer command that Horowitz then had.

In his 1950s recording with Fritz Reiner, hints of today's Horowitz appear. Some lines are dangled over, there is much more rubato and a different kind of color. Then, a few years ago, Horowitz recorded the Rachmaninoff with Zubin Mehta, and this is a curious, self-indulgent interpretation with distended lines,

heavy "expression" and a flaming example of the cult of personality. It packs a tremendous wallop, but the exaggerations can make one uncomfortable.

Current exaggerations and all, Horowitz remains a legend to pianists. Where he goes, they follow. When he revived the Schumann "Kreisleriana" it was taken up by young pianists everywhere. Several years ago he programmed Schumann's seldom-played "Humoreske," and suddenly that piece is in fashion. Romanticism is back again; even the

Continued on page 10W

On a Kung Fu Kick, Or Making It Big In 'Chop Sockey'

by Debra Weiner

HONG KONG — One is fat, the other is thin. The slight one calls himself Mimmo Gasbarri and has, according to hefty Randy, the finest set of legs this side of the international date-line. On the other hand, Randy Channell — ex-bartender, bouncer, fight promoter, bodyguard — fills the "tough man" slot.

Together they make a team. When a Westerner is needed for one of the many dozens of martial arts movies made in Hong Kong each year, Mimmo and Randy are the first to show up. As Randy likes to boast, they've got the "chop sockey" market sewn up.

"After all," Randy says with a snarl, "they can't hide the fact that we're white people in Hong Kong. They gotta use a few Westerners." As lawyers, doctors, CIA agents, visiting dignitaries, police inspectors are very big. Or as your everyday thug. "But never as a good guy. They want to see us get beaten up. And then we're good for business. Right, Mimmo?"

Right, Mimmo signals, nodding his head. "They put our names on the posters and it helps international sales. Why, last time I was in New York, I just missed myself on 42d Street." Randy's thick lips curl into a smile. "Personally, I like to think of ourselves as stars."

Mimmo is 24. Randy keeps his age secret. Loose lips sink ships. "And anyway, what's the relevance? If I tell you I'm 25 and there's a role for a 40 year old, then I'm out of luck. Then there's the element of respect. If you're older, you get more."

It was Saturday night at the Furama International. The young fighting duo were planted at the Lau Ling Bar. Not a particularly pretty spot, but like most Hong Kong hotel lobbies, steaming with action. They didn't know anyone, and dressed as they were in black cotton shirts, they weren't the sort strangers would think to cozy up to.

They didn't seem to mind. It had been a hard day. Eight hours in the sun in the New Territories, and then they didn't even shoot the scene. Whether you're working top of the line, for Shaw Brothers or Golden Harvest, or for the many other movie companies that have cashed in on the decade-long kung fu kick, it's all the same. "Hurry up and wait, hurry up and wait. That's all you ever hear. And the pictures," adds Randy, raising his eyebrows and rolling his eyeballs. "There's no script. No continuity. Everything is exaggerated. You fall into a pond and come out dry. You get slapped in the face and up pop three purple fingers. You think that happens in real life? Or that a guy can stick his hand into somebody's body and pull out intestines? And the way blood squirts? Hmph."

Randy grabs a fistful of nuts, then chases them with a slug of Perrier. "It comes squirting out the mouth like ketchup. No, I don't like living here. And he," adds Randy, jutting his jaw in Mimmo's direction, "he doesn't like

Hong Kong either, though I guess for a while, this is the place we gotta be."

It all began for Randy in Hong Kong, more than five years ago. He was living a happy life in Edmonton, Ontario, when a Chinese friend insisted that if he was really serious about martial arts, he would have to travel to the kung fu capital, Hong Kong.

Randy packed his bag. Lady Luck trailed him. Who should his kung fu instructor happen to be but an action choreographer, who cast him as a thug in the production "The Almighty Extra."

Still, it wasn't easy. Several times, he headed back home; finally, in 1980, he made the break. "There wasn't enough work in North America for an action actor. Chuck Norris makes the bucks, but he's the only one, count him, one." Yes, Randy knew where he had to be. He was looking for a ladder to climb, and Hong Kong was buzzing with construction.

The story of silent Mimmo is nothing extraordinary — nice and orderly. Start out with a short, slender boy of Italian blood, living in Toronto in 1979, who has a stylish set of appendages and knows how to move them. He likes movies, especially the Chinese action-packed kind. Then one day it hits him, and hard, that the foreigners playing in them are no good. So he high-tails it to the Crown Colony, and in no time starts baring a bit of leg — in 12 television series and 10 movies so far.

"We're probably the only two Westerners who make a living acting in Hong Kong. Mimmo here," explains Randy, this time thrusting an elbow his friend's way, "he can play the psychotic thug. While myself, well, they were looking for a big guy and there weren't many around."

In the beginning Randy earned \$20 for a 14-hour workday. Now with 18 television shows, 3 television movies and 18 feature films under his belt — including one for M.G.M. in which his name appears in the credits — he says he makes at least \$100 a day. True, he still has to model occasionally — last Christmas he played Santa Claus on a television spot — to make ends meet. But the truth, he insists, is that he's on his way up. "I make my demands," he says, flexing a bicep. A black tattooed snake weaves up the muscle. "I use the movies for my own purposes now."

"Of course, we'd still both like to get out of here. And we're both trying, though unfortunately it seems like our futures lie in different directions. Mimmo here taught himself Mandarin. He might go to Taiwan — they make more kung fu pictures there than here even — and give them the idea of using Westerners. But me. Well personally, I want to leave Asia far behind. Italy is a possibility. There're making spaghetti kung fu pictures there. I could act in them for a while, and then — what do you say Mimmo? — I see myself someday becoming a director of exploitation action movies. Huh Mimmo, what do you think? Doesn't sound too bad."

This time Mimmo smiles as he silently bows his head.

Montparnasse Memories: The End of McAlmon

by Waverley Root

PARIS — Robert McAlmon was the best subscription agent for James Joyce's "Ulysses" when Sylvia Beach was preparing to publish it. He would carry a sheet of order forms in his pocket during his night-long vigils at the cafe of Montparnasse, and before going home to bed would push a handful of signed subscription



William Carlos Williams.

blanks under the door of Shakespeare and Company with a note informing Sylvia Beach that he was handing over a "hasty bunch" of subscriptions to the coming work. McAlmon's habitual use of this phrase enabled Joyce on one occasion to display more diplomacy than is usually credited to him.

McAlmon had had a book of poems, "Explorations," published by the Egoist Press, which could have been taken as evidence that his talents had been recognized by somebody other than his intimates, if you didn't happen to know that it was McAlmon himself who had paid to have the book printed. This whetted his appetite to see his words in print again, and he read Joyce, then receiving McAlmon's \$150 monthly subsidy, a number of his short stories which he thought might make a book.

What Joyce really thought of them was his secret, but he extricated himself adroitly from the necessity of having to give an opinion by suggesting to McAlmon that he bring them out under the title of "A Hasty Bunch." This picking up of McAlmon's own phrase may have been a trifle tongue-in-cheek, for the stories did appear to have been scrawled hastily on the spur of the moment and left half-finished; McAlmon disliked the drudgery of correcting, revising, rewriting or reading proofs.

It may have been a diversionary move also when Joyce continued with the suggestion that McAlmon bring out the book himself. He may have thought that if McAlmon didn't, nobody else would. McAlmon did publish it himself and received at least one good review, from no less a person than Ezra Pound and in no less a publication than The Dial. Pound was, like Kay Boyle, an ardent advocate, always ready to take up the cudgels in defense of his protégés, of whom he had many, even when the defense seemed likely to be difficult. He had already installed McAlmon in his affections, and he was not going to forsake him. It may have been, however, that his review was a little tongue-in-cheek too, for instance when he said:

"McAlmon has written in the American spoken language. He, or his printer, even goes to the length of using 'had went,' not in the person of a character but in that of the author; this is... a daring effort to maintain the atmosphere."

It was more probably the result of McAlmon's slipshod writing. His own comment was: "I don't want to write good English." In this I thought he succeeded.

After publishing this book, it occurred to McAlmon to set up a publishing house of his own, for which he resurrected the name of the magazine he had edited with William Carlos Williams, calling it Contact Editions. It seemed to be dedicated chiefly to publishing the work of McAlmon himself and of his closest friends. His own "Companion Volume" (companion to "A Hasty Bunch") and "Post-Adolescence" were among the early titles, followed later by his novel, "Village," which was better received by the critics than most of his works (and when he tired of publishing, in 1929, the last Contact book was also his own, a 43-page poem called "North America, Continent of Conjecture"). He brought out Bryher's "Two Solvers" and H.D.'s "Palimpsest" before his marriage broke up. His friends William Carlos Williams and Emanuel Carnevali were also represented among his publications, the first by "Spring and All," the second by "A Hasty Bunch."

In 1923 McAlmon combined forces with William Bird, who had his own Three Mountains Press, and in three years the two together brought out 30 titles. It was sometimes difficult to make out which press was publishing what.

McAlmon's "Distinguished Air" should normally, it seemed, have been brought out by his own Contact Editions, but I believe it was actually issued under the Three Mountains imprint — I don't know why. I don't suppose McAlmon would have been too abashed to publish it himself because of its subject, which was indicated, less than subtly, by its subtitle, "Grim Fairy Tales." It was the product of a visit McAlmon had made to Berlin, and that Berlin night life impressed him was not surprising. Berlin impressed me too, when I first went there a few years later, as the most vicious city I had yet seen. All the perversions were on tap, and it seemed to me that Paris, considered in America as the symbol, if not the capital, of sexual wickedness, was a clear spring of innocence in comparison with Berlin.

Some writers have called "Distinguished Air" McAlmon's best book, and have praised especially the second of the three stories it contained, "Miss Knight," a character study of a male homosexual. Joyce and

Pound both praised it, perhaps sincerely, though it is impossible to say, since neither could be considered an impartial observer.

Confusing in the opposite direction was the publication by Contact Editions of Ernest Hemingway's "Three Stories & Ten Poems," which a few months earlier Bird had thought he was going to print. In a way, McAlmon stole it from under his nose, but the incident caused no bad blood between the two. McAlmon thus resented the honor of being the first to publish Hemingway. This was when McAlmon and Hemingway were getting along well together, but after the appearance of "The Sun Also Rises," McAlmon scored on Hemingway, apparently because he was envious of his success, and seized every opportunity to denigrate him.

Another person outside his own close circle whom McAlmon published was Gertrude Stein. He deserves no small credit for having undertaken the immense task of bringing out the nearly 1,000 pages of "The Making of Americans." In the process he discovered that Miss Stein was not easy to get along with. The book finally did appear, but by that time author and publisher were at loggerheads, largely on the seemingly trifling question of supplying 10 free copies to Miss Stein. Her disapproval of McAlmon after this episode was expressed by her verdict that McAlmon's writing was "rather dull stuff."

This had been my conclusion, but I arrived at it without having to go through a personal squabble, by the simple method of reading what McAlmon wrote. Despite Miss Boyle's vehemence in preferring McAlmon to Hemingway, I think that I may still stand on my opinion of half a century ago without being obliged to call up any great reserve of courage. If McAlmon was a prophet, he was certainly a prophet without honor in his own country.

Nothing he wrote abroad, even the two books best received there, "Village" and "Distinguished Air," were thought worth printing in the United States, even after that country had shaken from more or less from its prudishness and many other books which had been banned in America but published in Paris were granted the accolade of American editions. The only two McAlmon works published in America got into print as the result of log-rolling by personal friends. It was William Carlos Williams who persuaded New Directions to print a book of McAlmon's poems, "Not Alone Lost," in 1937, while Kay Boyle, undiscourageably loyal, put her own by-now high reputation on the line in an attempt to breathe new life into "Being Geniuses Together," a somewhat spiteful autobiographical book which had dismayed McAlmon's friends when he insisted on bringing it out in London in 1938; James Joyce, no longer on the payroll, called it "the office boy's revenge."

Miss Boyle fitted autobiographical chapters of her own between those McAlmon had written, and the book was published in this form in 1968, enhancing nobody's reputation. McAlmon's undistinguished prose had succeeded in the difficult feat of making even Miss Boyle write badly, apparently by osmosis. There was no evidence in the resuscitated book that either of its authors had ever been geniuses, but Miss Boyle had other things to her bow.

By the outbreak of the war, when I last saw him, anyone could have recognized that McAlmon was in bad health. He was already far gone with tuberculosis, and when France was invaded, he crossed the country into Spain, crossed Spain into Portugal, and crossed Portugal to Lisbon, whence he sailed to the United States. This was the route I took myself, leaving in 1940 by the last boat sent to Portugal by the United States to pick up American refugees from the war.

It occurs to me now that it may have been on this ship, and not, as memory says, in the Hotel Montana in Paris that I saw Bob McAlmon for the last time. If so, I must have been so unobservant, or he had become so passive, that I have no recollection of his presence there. Yet Bill Bird was on the same boat, and it would have been extremely likely for McAlmon to have left France with Bird, who remained his steadfast champion for life, maintaining to the end that McAlmon had been the greatest writer of his times, somehow betrayed and defrauded of his due by an unexplained conspiracy against him.

Though he had come home to die, McAlmon held out for another 16 years, until 1956, when he was 59. So far as I know, he stopped writing after he returned to the United States, though he had been in Europe what might be called a compulsive writer. As long as his health permitted he worked for what I find described as "the family business" in El Paso, Texas.

I do not know what the family business was, but from time to time after the war I had to endure the sneering chuckle of Arthur Moss, a

malicious little man, as malicious as McAlmon ever was at his worst, who repeated over and over to anyone who would listen: "You know what Bob McAlmon is doing now? You know what the Great White Hope of American literature is doing? He's a *truss* salesman." The thought seemed to give Arthur great pleasure.

(This is the last of three articles.)



Ezra Pound.

TRAVEL

2 Pearls in the Andaman Sea

by Joel Stratte-McChure

PHUKET, Thailand — This tropical island is called the pearl of Thailand, but the signs greeting visitors at the airport, tucked tightly between two emerald-green hills, are ominous.

The first says that people with "hippy" characteristics are not allowed to enter if they are dressed "in an impolite or dirty manner" or "wear a waistcoat without underwear." It adds, as an afterthought, that the regulations do not apply to children under 12. The second sign is less intimidating: "Beware of the gibbons."

Phuket, which means hill in Thai, has very few hippies today and the gibbons are better known for their shrill bark than their infrequent bites. Thailand's largest island, 885 kilometers (550 miles) south of Bangkok and connected to the mainland by a narrow causeway, is about as lazy a place as a traveler would want for rest and recuperation. It is a definition of the proverbial paradise: muddied water buffalo slowly plow the rice paddies, Buddhist priests quietly pray in the Wat Chalong temple, spiced Thai meals are eaten to the lapping of waves. Stalls throughout the island sell fresh avocados, coconuts, pineapples, bananas and rambutans for a pittance. The only alarming sensations, besides the yelping of gibbons and the croaking of bullfrogs, are the smell of the rubber factories and the noise of the ubiquitous motorcycles.

Phuket and its 140,000 inhabitants had their moment in the sun about five years ago when the James Bond film "The Man With the Golden Gun" was shot in the caves and islands in Phang-nge bay, a part of Phuket that consists of greenland limestone hills rising straight from the sea and caves with glittering stalactites and stalagmites.

Pinkkan Island has been renamed James Bond Island and, when you visit by boat for a day, you are accosted by contemporary Goldfingers — pestering peddlers pushing cultured pearl necklaces, smoked mackerel and painted shells.

Despite these touristic indicators, Phuket is still rustically off the beaten track. A tourist can rent a bungalow for as little as the equivalent of \$2 a night or as much as \$50, and a local (Chinese) soup, fried rice, sweet and sour prawns, curried chicken goes for \$8 for two. There are enough natural attractions to keep a visitor busy for a week — diving in the coral gardens, investigating caves that contain the nests for bird's nest soup, renting a motorbike to explore the marine biological research center, the gypsy village at Hat Kawai or even the tin mines. Visitors look formal if they wear more than a sarong and a T-shirt.

A 40-minute flight from Phuket, over the island-dotted Andaman Sea and the Strait of Malacca, off the northwestern coast of Malaysia, is Penang, another island that calls itself a pearl — the pearl of the Orient.

If Phuket is still pristine, Penang is comparatively sophisticated. Despite Malaysia's 25 years of independence, to be celebrated Aug. 31, the main city of Georgetown is still colonial enough to sport street names like Jalan Jones, Jalan MacAlister and Jalan Scott. A visitor can eat at the Hollywood Cafe or invest in a condominium at the Mt. Paradise development, one of many construction sites that can be seen from the top of Penang Hill, where a ride up the funicular on a Sunday requires a two-hour wait. The main beaches along the north coast, called Batu Feringi or Portuguese Rock, rival the parking problem on the French Riviera, but the hotels are appropriately deluxe — the squash courts have fans, the grass tennis courts are perfectly tended, the drinks at the sparkling sundown are called Firanah or Baracuda.

"I don't like it rough when I go on holidays," says a British tourist from Hong Kong, "and I don't mind paying for the sophistication of Penang."

The mixed population is evident everywhere — from cuisine to religion. There are sparkling Buddhist temples, colorful Indian temples, a Catholic cathedral and numerous mosques to accommodate the primarily Moslem population practicing the national religion. The food is equally varied. The local breakfast dish is the *choke*, a bowl of rice porridge



A village on stilts on the island of Phuket.

with eggs, fish, chicken, ginger and spring onions. At dinner, a satay meal costs the equivalent of \$18 for two with small brochettes made with fish, mutton, beef and chicken.

If Phuket often leaves a visitor to his own resources, Penang is a well-equipped resort. There is a high degree of organized activity, and the tourist can join jungle walks, mahjong lessons, volleyball games and nightly videotaped movies. There are duty-free shops in downtown Georgetown selling batik, electronic products, pewterware and local handicrafts. But Penang is still a large enough island to provide some escapes — drives in the hilly green roads or an almost deserted southern and eastern coastline.

If neither Phuket nor Penang is tempting, there is literally a middle ground. Situated between the two is the Langkawi group of 99 islands — with a main island that is twice the size of Penang and much less populated than Phuket.

Restaurants: Casual in Paris

by Patricia Wells

PARIS — The ambitious French chef who aren't in New York in search of bistrot space are moving to Les Halles and going after the fast nickel. Today, the new restaurant trend is away from the grand and classic establishments, where the money comes slowly and the expenses are high.

Rather, established chefs like Jean-Jacques Jouteaux of Les Semelles and Gerard Vie of Les Trois Marches are following the route that has worked for years in France: Open a casual place where diners feel at home and don't have to lay down a week's pay for a single meal.

Jouteaux, who found success and teams of press during the 1970s with his hyper-nouvelle restaurant Les Semelles in Montmartre, has changed his tune a bit. A few weeks ago he opened a jazzy, refreshing restaurant just steps from Les Halles. At the new Les Semelles, one diners for 120 francs, not 300 or 400, on much the same food that brought him fame in Montmartre.

The Les Halles restaurant is bright and welcoming, with a large garden terrace that tumbles out onto the pedestrian-filled Rue Pierre-Lescot. Pink damask linens, a shiny black player piano and attentive waiters dressed formally in pale gray and white give the place a festive air, and the 120-franc formula menu has to be one of Paris' better bargains. The menu includes a first course, main course, salad, dessert and half a bottle of drinkable, if unexciting, wine. Choices are limited, but should be sufficient to satisfy most diners.

Best dishes sampled here include a fresh vegetable salad — a sort of nouvelle ratatouille — with lots of fresh coriander; a warm platter of lively and pungent stuffed sardines set in a bright *confit* of onions and carrots; a delicious *confit* of canard, served with a julienne of red peppers, and fresh grilled tuna in a thin bordelaise sauce. Each dish has the Jouteaux signature: Pretty, a bit fussy but solid nonetheless. I've never been a fan of his desserts — he seems to go for quantity, not quality, with sweets — but the new Les Semelles is a place I'd willingly return to on a regular basis. When his restaurant in Montmartre (3 rue Steinen, tel: 606.37.05) reopens in the fall, it will follow the same formula.

Vie, who has succeeded with two restaurants in Versailles (Les Trois Marches and Le Potager du Roi), opened another bright and lively bistro two weeks ago, just around the corner from Les Semelles. Le Potager des Halles is a big, airy place, with plain white walls, varnished floors and a light doo touch. Like

Jouteaux, Vie offers some out-of-the-ordinary dishes — decently prepared and reasonably priced. For 100 francs a person, one can enjoy a pleasant salad of red cabbage and lamb, a brace of quail in a light and tasty sauce, and a simple baked apple in restaurant sauce. This is not food to swoon over, but in which to find sustenance. The service is swift, and the wine list abbreviated but moderately priced.

The third new bistro of the summer of '82 is Chez Marie, a narrow old-fashioned sort of place tucked away on Rue Servandoni near Saint-Sulpice. Of the three, Chez Marie is one I'd least likely return to, for although the atmosphere is pleasant, the cuisine is less appealing. A salad of tomatoes and fresh bread or sheep's milk cheese, were that the case, slices of tomatoes and a mound of cheese, doused with oil and an overabundance of coriander grains. The *brandade*, a garlicky blend of salt cod and olive oil, was flavorful but far from refined. Better bets are the *escabeche* of sardines, served with a spicy tomato sauce, and the smoked haddock, served in a thin beurre blanc. The *terre aux pommes* is better not discussed, and the chocolate cake tasted like a fudge-like at room temperature.

Return visits to two restaurants that attracted a great deal of attention last summer and fall — L'Ambroisie on the Quai de la Tourneville and Au Quai des Ormes on the Quai de l'Hôtel de Ville — met with mixed results. While the two restaurants opened last year, I might have put my money on Au Quai des Ormes, for its Egyptian-born chef, Georges Masrafi, seemed to be full of ideas and promise. But a year later, it is clear that Bernard Pacaud at L'Ambroisie not only knows more about cooking, but about running a restaurant as well.

The staff at Au Quai des Ormes has never been praised for its courtesy or sophistication, but a recent dinner could only be described as disastrous. This is a restaurant where the diner is always wrong, no matter what. Arrive on time and you're told you're late. Sit down and you're hurriedly handed filthy menus, full of food stains and fingerprints. Next comes a plate full of dried-up radishes that look as though they've spent two weeks in the summer sun. Ask for a replacement and you're told "it's the heat." Order one of the few well-priced wines on the list, and it's out. After such an introduction, there's no place to go but down.

On previous visits, I found Masrafi's food inventive, and though he often missed the mark, I was willing to play dither, hoping that if one out of half a dozen dishes proved heavenly, the experiment was worth it. His ravioli stuffed with wild mushrooms and sweet-

breads remains one of the best dozen new dishes I sampled last year.

But of a dozen different dishes tasted recently, only one — grilled St. Pierre with a healthy dose of garlic and well-spiced sauce — had any soul. Other dishes tended to be overcomplicated and not carefully executed, full of sandy spinach and sauces that tasted of cornstarch.

In total contrast, two recent dinners at L'Ambroisie were utterly delightful, and suggest that Pacaud's Michelin star is well-merited. Impeccable is the word for this nine-table restaurant. The modern, gray-and-white decor is as refreshing as ever, and Pacaud's attention to detail in marketing, cooking and presentation stands out above the crowd. His food is understated, simple and solid, and you leave here feeling as though your money has been well spent.

Worth a detour all on its own is the mousseline-like blend of red peppers and cream, surrounded by a fresh tomato coulis. The colors and flavors are bright and refreshing, and it's the kind of starter that puts you in a receptive mood for the rest of the evening. Other dishes that merit attention are the light vegetable salad showered with fresh coriander and a sprinkling of olive oil, artichoke hearts topped with excellent foie gras, and the *ratatouille*, a layering of green cabbage and skate, topped with a generous dose of fresh scallops. His chocolate desserts are less successful, but his *mille-feuille* competes with those served at restaurants far better known than L'Ambroisie. Service here is absolutely impeccable, and little touches — an *amuse-gueule* of the sweetest, not just a cup — and a pot of fresh espresso, not just a cup — endear dining, so they keep coming back.

Les Semelles, 17 Rue Pierre-Lescot, Paris 1, tel: 508.87.60. Open daily. Credit cards: American Express, Diners Club and Visa. There is a 120-franc menu, wine and service included.

Le Potager des Halles, 15 Rue du Cygne, Paris 1, tel: 296.83.30. Open daily, noon to 2 a.m. Credit card: Visa. About 100 francs a person, including wine and service.

Chez Marie, 25 Rue Servandoni, Paris 6, tel: 633.12.06. Closed Sunday and Monday. Credit card: Visa. About 150 francs a person, including wine and service.

L'Ambroisie, 65 Quai de la Tourneville, Paris 5, tel: 633.18.65. Closed Sunday evening and Monday, Aug. 15 to Sept. 15. Reservations essential. Credit cards: American Express and Visa. About 300 francs a person, including wine and service; 135-franc menu.

Au Quai des Ormes, 72 Quai de l'Hôtel de Ville, Paris 4, tel: 274.72.22. Closed Saturday, Sunday and holidays and the month of August. Credit card: Visa. About 325 francs a person, including wine and service; 105-franc and 120-franc menus.

International Datebook

AUSTRIA

SALZBURG, Festival (tel: 42541). Opera — July 31, Aug. 7, 12, 19, 23: "Fidelio" (Beethoven). Loris Maestri conductor. Aug. 1, 4, 8, 15, 22, 27: "Così fan tutte" (Mozart). Riccardo Muti conductor. Aug. 2, 14, 17, 26, 30: "Falstaff" (Verdi). Herbert von Karajan conductor. "The Magic Flute" (Mozart). James Levine conductor. Theater Aug. 1, 8, 15, 22, 29: "Jedermann" (Hofmannsthal). Concerts — Aug. 1: Vienna Philharmonic Orchestra, Claudio Abbado conductor (Haydn, Mahler). Aug. 6: Academy of St. Martin in the Fields, Neville Martinson conductor (Haydn, Mozart, Mendelssohn). Recital — Aug. 1: Bruno Leonardo Gebler piano (Brahms, Chopin, Mussorgsky).

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DENMARK

COPENHAGEN, Royal Museum of Fine Arts (tel: 11.14.15). Exhibition — To Aug. 1: "French Tapestry." To Aug. 1: Concert Hall (tel: 15.10.01) — Aug. 1: International Symphonic Wind Orchestra. Aug. 2 and 3: Israel Chamber Orchestra (Mozart, Stravinsky, Dvorak). Aug. 4: Tivoli Symphony Orchestra, Eilert Eikart-Hansen conductor. Aug. 6: Poul Rosenbaum, Karl Aage Rasmussen piano (Griffes, Chopin). **ODENSE**, Hans Christian Andersen's House (tel: 11.14.15). Exhibition — To

Aug. 15: "Hans Christian Andersen Inspirations."

ENGLAND

LONDON, Barbican Centre (tel: 628.87.95). Barbican Art Gallery. Exhibition — To Aug. 22: "Addi." Barbican Theatre — Aug. 24: "All's Well That Ends Well" (Shakespeare). Shakespeare Company. British Library (tel: 636.15.44). Exhibitions — To Dec. 31: "Illuminated Armenian Manuscripts." To Jan. 16: "Demons in Persian and Turkish Art." British Museum (tel: 636.15.25). Exhibition — To Sept. 12: "A Century of Modern Drawings from the Museum of Modern Art, New York."

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TRAVEL

Visiting Marx's Vanished London

by Joseph Fitchett

LONDON — Karl Marx, it is sometimes said, got his philosophy in Germany, his politics in France and his economics in England. Marx lived most of his adult life in Victorian London, then the industrial capital of the world, and there produced most of the writing that inspired communism.

To visit the places associated with Marx's London — he died there a century ago next year — is a day's outing. The hunt for his past around the city is enriched by "Marx in London," an illustrated guide by the scholar Asa Briggs. The guide, on sale for £2.50 (about \$5.15), has just been published by the British Broadcasting Corporation to complement a television series.

London in the mid-19th century was the world's biggest metropolis, a city of Dickensian contrasts in wealth and a refuge for political exiles. Paris also beckoned Marx, who had a brief and unsuccessful experience there with communal living while he wrote for German newspapers in the early 1840s. But if Paris had been considered the natural center of European revolution since 1789, London was sanctuary.

Marx arrived in England in August, 1849, a year after he wrote "The Communist Manifesto" for a London-based secret society of German revolutionaries. The pamphlet appeared on the eve of the 1848 revolutions in Italy, France and Austria, and Marx's leftist activities as a newspaper editor resulted in his banishment from both his native Prussia and from France, which he left forever at age 41.

Briggs' guidebook, in the conversational tone of an informative companion, details the years afterward. The Marxes gravitated into cheaper homes as their funds dwindled, settling in 1850 in a house in Dean Street in Soho, a cosmopolitan quarter then as now. Karl and Jenny Marx lived over a laundry; today the building houses an Italian restaurant. A circular blue plaque notes Marx's stay: No. 28 Dean Street is the only place where his 34 years in England are commemorated.

At this time Marx was writing a column on European events for Horace Greeley's New York Daily Tribune. His English was corrected by his kindred philosopher and patron, Friedrich Engels, who owned a textile factory in Manchester.

In the two-room Dean Street home, Marx and his wife lived with their five children and their faithful maid Leuchter, whose real name was Helene Deimlich. Marx fathered a son with Leuchter, his only known infidelity. Marx's wife knew about it, but the children thought the child was Engels' and learned the truth from Engels only on his death bed. Leuchter stayed with the family.

Briggs quotes a Prussian police agent's report about the Marxes' daily life in Dean Street: "As father and husband, Marx, in spite of his wild and restless character, is the gentlest and mildest of men.... When you enter Marx's room, smoke and tobacco fumes make your eyes water so much that for a moment you seem to be groping about in a cavern.... everything is dirty, and covered with dust, so that to sit down becomes a thoroughly dangerous business."

Meanwhile, at the British Museum, Marx was doing what he considered his essential work — the reading on which he based "Das Kapital." He could walk from Dean Street along Oxford Street to Bloomsbury, where the British Museum in 1857 opened the magnificent domed reading room that can be visited today. In Marx's day, each desk had a leather chair and two pens, one quill and one of steel. Some of the most striking passages of Marx's main theoretical work are descriptions of the misery of British working-class life taken from the parliamentary reports he consulted at seat number 07.

Life was equally impoverished at the Marxes' home in Dean Street, where the children learned to lie to creditors and Marx's wife, an aristocrat's daughter, suffered several breakdowns. When she inherited some money in 1856, the Marxes were able to move to a small house near Hampstead Heath at 9 Grafton Terrace, in Kenilworth, which they could afford to furnish decently.

The house remains much as it was when the Marxes first saw it — although No. 9 has now become No. 46. It is a narrow, three-story town house with a tiny back garden. The Marxes had two bedrooms — a luxury in a city where only a quarter of the houses had a constant water supply. A decade later, fresh bequests enabled the Marxes to move few blocks to 1 Midland Park Road, and then to 46 Midland Park Road, their last home. These dwellings (both of which have disappeared) were spacious enough for Marx's piles of newspapers and for a ball for 50 people that was part of the Marxes' efforts to help their daughters marry well. (In fact, the two daughters who survived Marx committed suicide because of their emotional love lives.)

Many of the Marxes' happiest hours were spent on nearby Hampstead Heath, where the family often spent Sundays, picnicking in fine weather and playing vigorous hide-and-seek to keep warm during rainy winter hikes. Marx liked stopping for a beer at Jack Straw's Castle, a pub that



Marx's bust in Highgate Cemetery.

stands today at the intersection of Rosalyn Hill and Spaniard's Road near the Hampstead subway station.

Marx's revolutionary work in London was concentrated on his studies and his polemics with rival theorists on the continent. For years, he avoided any direct contact with British leftist politics. Gradually, however, he was drawn into the agitation surrounding the birth of British trade unions, Europe's first. Most of the early important rallies took place in Covent Garden, and the list of English speakers often included Dr. Karl Marx.

In 1864, Marx wrote the inaugural address for the International Working Men's Association, the short-lived First International. The speech — the most important radical document since "The Communist Manifesto" — was delivered at St. Martin's Hall near the Royal Opera in Covent Garden. The hall no longer stands. A publishing firm's offices occupy the site.

A Covent Garden printer published Marx's instant book on the Paris Commune in 1871. Entitled "The Civil War in France," the brilliantly journalistic essay sold well, bringing Marx much-needed income and equally enjoyable notoriety. (Marx, hitherto little known as a European political personality, described himself as suddenly becoming "the best calumniated and menaced man in London," adding that the experience "really does one good after a tedious 20 years' idyll in my den.")

The last 10 years of Marx's life were marred by poor health, partly the result of strain during his years of work in exile. After his wife's death, he declined rapidly and died on March 14, 1883.

Engels made the funeral arrangements at nearby Highgate Cemetery, which had opened a few years earlier as a public burial place and money-making rival to the cramped church graveyards in the city. The cemetery itself is a showcase of Victorian mortuary culture with its romantically landscaped gardens and elaborate memorials in eclectic styles.

Initially Marx was buried, with his wife, a grandson who died in infancy and his servant-mistress, Leuchter, under a flat gravestone. It gave only their names and dates of birth and death. The Marx grave was moved to its present site in 1954.

Although Marx had asked for a simple grave, the Communist Party of Britain commissioned a bronze head of Marx on a massive plinth of Cornish granite. It bears two inscriptions: "Workers of all lands unite" and "The philosophers have only interpreted the world in various ways. The point however is to change it." This monument to what Engels called "the greatest brain in the second half of our century" has withstood countless attempts to deface and destroy it.

Or Stalin's Unchanged Gori

by Serge Schmemmann

GORI, U.S.S.R. — Elsewhere in the Soviet Union, the name of Joseph Stalin evokes ambivalent and troubled responses, whether revision over a time of terror or nostalgia for a more heroic past. But there are no such complexes here.

This Georgian town is where Stalin was born, and through all the de-Stalinization campaigns of the last quarter-century to expunge the dictator's memory, Gori has been left in peace to glorify the memory of a local son made good.

The openness with which this is done makes entering the otherwise nondescript town nestled around a medieval fortress seem like fading back into a time when the "cult of personality" was the law of the land.

The main street is Stalin Street, and the broad main square is dominated by a huge statue of the dictator — said to be the last one left in the Soviet Union. At the feet of the giant bronze, clusters of flowers lie wilting in the hot southern sun. At souvenir stands nearby, plywood portraits of Stalin working at his desk and benignly drawing on a bright red pipe sell briskly, even at 24 rubles, or \$34. The portraits are made at the Factory of Keyboard Musical Instruments in Tbilisi, capital of Soviet Georgia.

The two-room hovel where, on Dec. 21, 1879, Stalin was born to an impecunious cobbler and his devoutly religious wife now stands framed by a towering triumphal arch. Busts of tourists in the flower-print dresses and white caps of vacationing Russians move from the memorial to the Moorish-style palace housing the Stalin Museum.

Finished in 1957, after Nikita Khrushchev denounced Stalin at the 20th Party Congress, the palace was probably the last officially sanctioned echo of a personality cult that 25 years earlier made adulation of the "father of peoples" mandatory for every Soviet citizen who valued his skin.

It is more a shrine than a historical museum. A grand stairway leads to a heroic statue of Stalin and on to halls where muted light from stained glass windows plays on placards and photographs. Stalin's life is traced — with glaring omissions — from a seminary education, to revolutionary conspiracies, to the wartime hero who mobilized Russia against the Germans.

At the end, in a darkened room of somber velvet, a gentle, spiral ramp guides visitors past a death mask illuminated by a single beam of white light. The tourists pass in reverential silence.

That is all. No purges, no labor camps, no terror. Not even a mention of the "cult of personality" or the "mistakes" — the euphemisms used by his successors to refer to the purges, terror and self-glorification.

Instead, there are the carefully culled quotes reproduced in large panels, amounting to almost a defense of Stalin's reign. "As for me, I am simply a disciple of Lenin," says the legend over the statue at the entrance, as if denying accusations that Stalin abandoned the true Leninist path.

There are also laudatory quotations from Western leaders, reminders that the man now reviled in the West was once embraced as a comrade-

in-arms. One quotation is by Franklin D. Roosevelt: "This is a man who combines unflinching decisiveness with great kindness. I believe that he truly personifies the heart and soul of Russia."

Another is from Winston Churchill: "He received Russia with a wooden plow and left her equipped with atomic arms. No! Whatever they say of him, such men are not forgotten by history or by nations."

Not, in any case, by Georgians. The memorials elsewhere in this ancient region, now a Soviet republic, may not be as public or as officially sanctioned as those in Gori. But after the wave of unrest that swept across Georgia when Khrushchev began his campaign to efface Stalin's memory, the Kremlin evidently concluded that it would not be prudent to risk any further provocation to Georgia's fierce national pride.

Stalin's name still lingers in street names, his visage still graces friezes and murals in public buildings, and his portrait hangs alongside those of Lenin and the present Soviet leader, Leonid Brezhnev, in many a Georgian shop.

On Lake Ritsa, stunningly situated among snow-capped peaks high in the eastern Caucasus, a boatman willingly takes visitors to the burned-out frame of one of Stalin's favorite retreats. He recalls the invasion of security men during a visit by the dictator.

At the health spa of Tskhalubdo in central Georgia, an old caretaker proudly leads visitors to the ornate bath where Stalin took the waters. "Never again will there be such a man," he declares with proud conviction. "He was brilliant, he was strong, he was very strict. After he died nobody would use that bath."

And along the Georgian Military Highway across the Caucasus, the words "Hail to the Great Stalin" in tall white letters stare down from a crumbled fortress.

Such open adulation for Stalin might initially jar a visitor, especially one accustomed to regarding even the odd portrait of Stalin displayed by a taxi driver or truck driver in Moscow as an expression of defiance and discontent. But there is also a curious sense of satisfaction in finding a semblance of acknowledgment that Stalin existed.

Wandering through the Stalin Museum, the visitor is struck by the thought that here alone in this vast land of 268 million people, a land that only 30 years earlier was bullied, beaten and ravaged by this man, is there any public memory of his life.

Elsewhere in the Soviet Union, the words "Stalin" and "Stalinism" have been virtually purged from public usage, and often replaced in private by code words like *khozayin*, or boss.

But there is also a younger generation of less-sophisticated Russians whose unarticulated dissatisfaction with a stagnant order, constant shortages and corruption finds expression in a nostalgia for a simpler past. For many of them, Stalin has become a symbol for law and order, evoking a time of iron discipline, military heroism and economic achievements.

"He was a real *khozayin*," says a truck driver, trying to explain why a picture of Stalin stared from his rear window. "He'd have cracked some heads for the mess we're in. He'd have put these lazy slobs to work. He wouldn't have let Reagan push us around."

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And Now 'the Jet Lag Diet'

by Brenda H. Ingersoll

CHICAGO — For anyone who has ever stumbled away from an airplane with a fuzzy head, indigestion and a grumpy outlook after a trip across several time zones, a new diet promises relief.

It also offers hope for workers who develop insomnia after switching from a night shift one week to a morning shift the next.

Scientists say these disorienting experiences can be foisted with "the jet lag diet," a four-day program developed after years of research into circadian rhythms. The research was led by Dr. Charles Ehret, a scientist at the Department of Energy's Argonne National Laboratory near here.

Thirty years ago, while studying why protozoa — microscopic, single-celled animals — mate in daytime and not at night, Ehret found the reason was the circadian rhythm, or natural body cycle controlled by molecular "clocks" in each cell.

An outgrowth of that research and later studies was "the jet-lag diet," which acknowledges that traveling or changing work shifts leaves the body's inner time clock out of step with a person's new environment.

The trick is to reset the body's internal clock — by watching the amounts and types of food eaten — to adjust to the new time zone.

A "fast-fast-fast-fast" regimen over four days is used. Three days before the flight day, the traveler feasts on three full meals. Breakfast and lunch are high in protein — such as steak — to encourage alert activity. Dinner should be high in carbohydrates — such as pasta — to bring on sleep.

Two days before flight day, the traveler eats three small meals totaling no more than 700 calories and low in carbohydrates and calories.

The day preceding the flight is another feast day, while the day of travel is a fast day. Whether fasting or feasting, Ehret says, the traveler should drink coffee or any caffeinated beverage only in the afternoon.

On the fourth day, a traveler or shift worker

planning to speed up the body clock — by advancing time zones on an eastbound flight from New York to London, for example — would drink several cups of coffee in the evening and go to sleep only three or four hours before breakfast time at the destination.

Traveling in the opposite direction, from east to west, someone trying to slow down the body's clock should drink plenty of coffee only in the morning on both the day of the flight and the day before it.

At the traveler's new breakfast time, he should wake up and eat a high-protein breakfast without coffee. Then he or she should stay active — to keep the body working on the new time — have a high-protein lunch, eat a high-carbohydrate supper and go to bed early.

The next morning should produce little or no jet lag, Ehret reports. Anyone without time to follow the program for four days should "just fast on the day you leave.... It may not prevent jet lag entirely, but it will speed up the adjustment," he says.

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In a Turkish Bath in (Where Else?) Istanbul

by Joseph B. Treaster

ISTANBUL — Clouds of mist hung in the marbled chamber, shot through with shafts of sunlight. I was face down on a heated marble slab, slick with sweat, a tea-towel of a cloth around my middle, a man with the knotted arms and powerful back of a stevedore pounding my body.

I was in for the full treatment, a two-hour ritual that costs just under the equivalent of \$6 and transports the mind and body to a high state of calm. It also leaves you probably cleaner than you've ever been.

The bath, with great Corinthian columns and arched windows, went up more than 300 years ago at the order of one of the Ottoman Empire sultans and was eventually turned over to "hot" polio. It is called the Hagia Sophia Bath for the district in Istanbul in which it is situated, a district crowded with newspapers, not far from the Covered Bazaar, the Topkapi Museum and the Blue Mosque.

There are more than 120 public baths in Istanbul nowadays, but everyone agrees that the Hagia Sophia is the oldest and most beautiful. Women are as welcome as men in the Hagia Sophia and many of the other baths, but they enter via a separate section, as at the Hagia Sophia, or go on designated days.

Over the years, the public bath has declined in popularity with Turks, but it is a much favored place of rejuvenation for travelers, and the delight of many foreign diplomats and businessmen. It is clean and safe, and one of the great bargains of the world.

The process begins in a side room where the steam is more concentrated. Men in kilimcloths and wooden clogs sit on high marble platforms and a boy brings tea to help start the sweating that will open the pores.

Massages knead your muscles, lather you with olive soap and scrub your skin, wait near the entrance. They work on commission and tips and they're eager to start.

One by one we make our way to the low marble platform in the center of the main chamber. A masseur named Ahmet, whose father was a masseur like his father before him, slides a cloth-covered rubber square of a pillow under my head as I stretch out. And he goes to work.

He begins lightly working the muscles with his fingers. Just about the time I start wondering what all the worry was about with these guys, Ahmet begins to bear down. Pretty soon he is stretching and crunching my back and legs. I'm fighting to hold back exclamations. He stops and looks at me quizzically. I want him to go on. I want the authentic experience. "Very good," I say with my only two words of Turkish. "Very good." He grins and goes back to crunching. I am numb and on the edge of sleep when Ahmet slaps me on the back and points toward a low bench next to a standing, colonnaded sink. There are several of these stations on the perimeter of the main chamber.

I sit on the marble bench and Ahmet douses me with warm water from a silver pan. With a rough, fibrous mitt he scrapes my arms and legs, my back and chest, rolling up dead skin and dirt as he

moves. Then he mixes a lather in the silver pan and mops me with a tangle of hemp. He rinses me, shampoos my hair, rinses again and sends me out the double doors.

In the foyer, a stocky man in a yellow sweat shirt — who reminds me of a high school gym coach — wraps thick towels around my head and motions toward the courtyard at the front of the bath, which is ringed by small, dark wood enclosures that serve as dressing rooms. Each has a cot. A boy follows inside with fresh towels and more tea. There is taped music and an electric hair dryer. You can stay as long as you like, napping or reading.

In the old days, nearly everyone came to these baths because few

homes had bathrooms. Now, according to Paris Cagdas, the owner of Cagdaslu, the customers are mainly curious tourists, wealthy Turks and a few poor Turks.

"The poor come out of necessity," he says, "and the rich come for pleasure. The middle class have homes with baths now and they don't want to spend the money."

The poor wash themselves, Cagdas continues, and pay a little more than a dollar to use the facilities.

Cagdas says that only about 25 percent of the other baths in Istanbul are of the traditional style of Cagdaslu. The others, he says, are modern saunas, which carry a certain trendy cachet for some.

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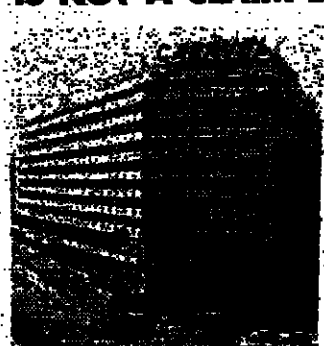
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BUSINESS PEOPLE

Sears Creates Financial-Service Post

Sears, Roebuck & Co. has given a top executive more scope in mastering its advance into the financial services business.

"We think Sears should be with American Express and Citibank and some others as one of the leaders in financial services," said Andrew J. Melton Jr., who resigned as chairman and chief executive officer of Dean Witter Reynolds Organization Inc., the investment house-owned by Sears, to devote full time to his responsibilities as the chairman of the financial services planning committee of Sears.

"The rapid development of opportunities in all financial services, including real estate, insurance, brokerage, savings and investments, demands a more extensive commitment on my part to Sears' planning activities," Mr. Melton said.

Robert M. Gardiner, 59, president of Dean Witter, will succeed Mr. Melton at that company on Aug. 1.

Mr. Melton, who is 62, also is a director of Chicago-based Sears, the largest U.S. general-merchandise retailer, which acquired Dean Witter in December as part of an effort to plunge deeper into financial services and real estate.

"Since the merger," Mr. Melton said, "much more than half of my time has been spent on these financial planning activities. They can potentially change the face of this business."

He said that about 20 projects are being organized and staffed but that only a few have been introduced, including a U.S. government money market fund, the marketing of savings and loan certificates of deposit and the testing of financial service centers in Sears stores. Because of the frenzied nature of the marketplace, Mr. Melton said that both he and Sears thought it necessary for him to commit himself full time to presiding over these projects. "We feel the urgency to move pretty fast," he said.



Robert M. Gardiner
Becomes chief of Dean Witter

Reynolds Bids for Heublein

Compiled by Our Staff From Dispatches
WINSTON-SALEM, N.C. — R.J. Reynolds said Thursday it plans to expand its food and beverage business by acquiring Heublein for \$1.3 billion in cash and securities.

Reynolds plans to begin a tender offer Friday for 11.4 million shares, or about 52 percent, of Heublein, for \$63 each. The remaining Heublein shares would be exchanged for a combination of Reynolds common and a new issue of Reynolds preferred stock.

Heublein shareholders will receive a fractional share of Reynolds common valued at about \$31.83. The fractional share of new preferred will have a value of about \$25 as determined by investment bankers before the closing.

Reynolds also said that under a separate agreement, it would purchase another 4 million shares of Heublein from an unnamed party at the same price.

Ambiguous Statement

The ambiguity of the statement left open the possibility that Reynolds had made a deal with General Cinema, which was also attempting to take over Heublein. General Cinema currently holds 18.9 percent of Heublein, or 4.1 million shares.

J. Atwood Ives, Reynolds senior vice president of finance, said, however, that General Cinema has no agreement or understanding with Reynolds to sell its stake in Heublein.

Later, Reynolds clarified the situation, saying its separate pact to buy 4 million Heublein shares is with Heublein and involves unused shares.

On the New York Stock Exchange, Heublein stock soared \$7.875 a share Thursday to \$55.375 following the announcement. Reynolds slipped \$3 to \$40, and General Cinema rose \$0.875 to \$49.125.

General Cinema said it would have no comment on the Reynolds-Heublein agreement until it had time to study it.

Reynolds said its food and beverage division, Del Monte Corp., will join with Heublein to form a new food and beverage group to be headed by Hicks B. Waldron, Heublein's chairman and chief executive officer.

Most of Heublein's business is in distilled spirits, and it also owns Kentucky Fried Chicken fast-food outlets. Reynolds is a highly diversified company with most of revenue derived from tobacco.

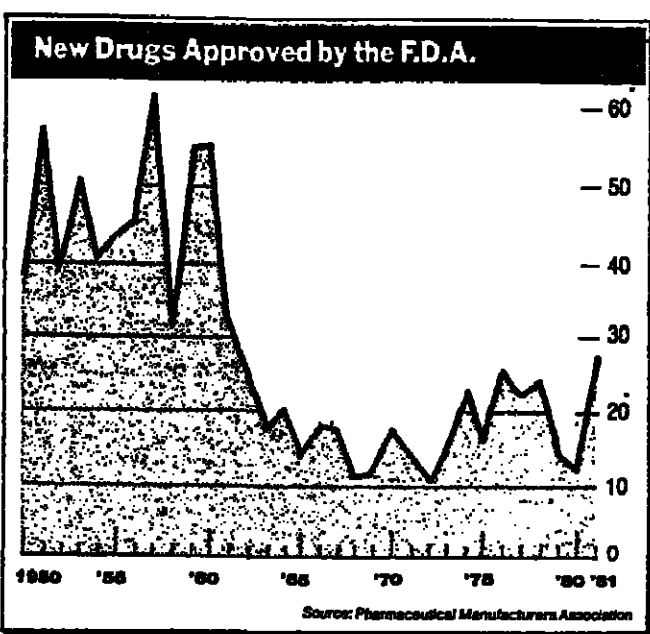
"I think Heublein would make a perfect fit for Reynolds," said Joseph Frizzano of Oppenheimer & Co. "The speculation [was] that Reynolds will offer to buy the block of 4.2 million Heublein shares owned by General Cinema and might even make a bid for all of Heublein's stock. Such an offer could mean a big profit to General Cinema. I'm recommending all three stocks."

The statement said the agreement between Reynolds and Heublein had been approved by directors of both companies.

Assuming no regulatory or other delays, Reynolds said it expects to begin paying for the shares tendered around Aug. 20.

The Reynolds spokesman said the offer's proration and expiration dates were not immediately available.

Reynolds said Heublein has annual sales of about \$2 billion. Del Monte's 1981 sales totaled \$2.3 billion.



Heated Debate Marks Drug Patent Measure

By Robert Pear
New York Times Service

WASHINGTON — After heavy lobbying, the House Judiciary Committee has approved legislation that would extend the life of patents to compensate drug and chemical companies for delays caused by compliance with federal health and safety regulations.

The Senate has already passed such a bill, and if the legislation is enacted by the full House, it would, according to patent attorneys, represent one of the more significant changes in the history of U.S. patent law. The duration of patent protection has not been changed since 1861, when Congress set a period of 17 years.

The measure approved late Wednesday by the committee allows drug companies to extend the term of their patents by up to seven years.

Proponents of the legislation, including manufacturers of brand-name prescription drugs and the American Medical Association, contend that it merely "restores" years lost from the life of a patent as a result of safety testing required by the government.

Although a patent is supposed to protect an invention for 17

(Continued on Page 13, Col. 1)

Harvester to Slim Down, Sees \$1-Billion '82 Loss

Compiled by Our Staff From Dispatches
CHICAGO — International Harvester Co. announced Thursday a plan to slim itself down to profitability by closing or selling several plants and abandoning the construction equipment business.

The company also predicted a fiscal 1982 loss of nearly \$1 billion, about twice as much as it forecast last spring.



Louis W. Menk

"The intent of the plan is to create a viable core business with continuing operations that will return the company to profitability in 1984," said Louis W. Menk, chairman and chief executive officer. He said the plan is based on a forecast of no improvement in the agricultural market in 1983 and a modest upturn in 1984.

The plan — to be presented to lenders at a meeting Friday — would involve closing of a Louisville, Ky., parts plant, a Memphis, Tenn., farm equipment plant and an Indianapolis foundry, and sale of a metal stamping plant in Shadyside, Ohio, and a farm implement plant in Canton, Ill.

Harvester also would consolidate its three North American truck assembly plants into two. The three plants are at Fort Wayne, Ind., Springfield, Ohio, and Chatham, Ontario.

Also under study is consolidation of U.S. engine production into one plant. Harvester engines now are manufactured at Melrose Park, Ill., and Indianapolis.

Harvester said it is involved in discussions with several companies to sell its construction equipment business. The company makes such equipment in the United States, Canada, France and West Germany.

No exact timetable was announced, but Harvester said it hopes to have many of the consolidations in place by Oct. 31, 1983.

A spokesman said the plan is "based upon the company narrowing the scope of its manufacturing operations to that of a producer of trucks and agricultural equipment in the U.S. and Canada and of agricultural equipment in Great Britain, France and Germany."

He added: "Engine production will continue in the U.S. and Germany. IH will maintain a worldwide marketing presence through exports of components and finished products from North America and Europe to subsidiaries and distributors elsewhere."

The company has lost more than \$1 billion since a six-month strike in 1980 and late last year restructuring more than \$4 billion of debt

owed to 225 lenders. Mr. Menk, who joined the company in May after retiring as chairman of Burlington Northern, said the plan envisions amendments to Harvester's debt refinancing but not a complete renegotiation of the plan.

Harvester already has sold several of its subsidiary operations. Earlier this week, the company said it will close its parts plant at Bradford, England, at the end of October.

A spokesman said the proposed new consolidations would cut costs enough to lower Harvester's breakeven sales level by \$1 billion.

Disregarding any impact from the proposed restructuring, Harvester said, it is forecasting a loss of \$925 million on sales of \$5.3 billion for the year ending Oct. 31. Assuming that the restructuring goes through, it said, the loss would be between \$900 million and \$1 billion.

Harvester said that the restructuring would cause a one-time charge of \$400 million but would also bring a one-time gain of \$300 million to \$400 million from a conversion of debt to equity. It gave no details of the proposed conversion.

For fiscal 1981, Harvester reported a loss of \$393.1 million on sales of \$7 billion. In the first six months of fiscal 1982, the company lost \$497.7 million.

Harvester also said it is omitting the dividend on its common stock and deferring third quarter dividends on its \$10 cumulative preferred stock, Series A, and its \$5.76 cumulative convertible preferred stock, Series C. It said the action is being taken in compliance with its refinancing agreement.

New Chief at Apple's European Plants

Apple Computer Inc., the whiz kid of the personal computer market, has appointed Joseph M. O'Keefe as managing director of its manufacturing operations in Europe.

Mr. O'Keefe previously served as general manager of Teletron, a Dublin-based subsidiary of American Telephone & Telegraph Co. In his new position, Mr. O'Keefe will be based in Cork, Ireland, where the company manufactures its Apple II and Apple III microcomputers for the European market. A second plant in Ireland, in Millstreet, makes electronic keyboards and peripheral equipment for microcomputers. The Irish locations are Apple's only plants in Europe.

Mr. O'Keefe succeeds John T. Osterstedt, who was named general manager of Apple's manufacturing plant in Sunnyvale, Calif.

Apple, a five-year-old personal computer maker based in Cupertino, Calif., has 29 percent of the European microcomputer market, a spokesman said. He said that Apple invested \$9 million in product research and development in the second quarter, a 70 percent increase from a year earlier.

Other Appointments

Francis Lambert has joined Oceanic Finance Corp., a Bermuda-based ship finance and investment company, as vice president responsible for European business development, a new position. He also was appointed to the board of Oceanic Financial Services Ltd., a subsidiary. Mr. Lambert previously was a vice president at Chemical Bank, responsible for Scandinavian and continental European shipping.

Jackson Exploration Inc., a Dallas-based oil and gas concern, named John E. Gordon an executive director and vice president, effective Oct. 1. He will be based in the company's London office. Mr. Gordon, currently with the London stockbrokerage of Laing & Crutchfield, will also join the boards of Jackson Exploration (UK) Ltd., the London subsidiary, and MWJ Corp., a concern owned by Jackson's president and chairman, Melvin W. Jackson Jr.

Gulf & Occidental Investment Co. of Geneva named Manfred Schenker to the new position of manager of investments. He previously was with Bayerische Vereinsbank AG in Munich.

Fasson Europe has named Gerard van den Akker group vice president. Succeeding him as vice president and general manager of the Specialty Materials division of Fasson Europe is J.A. Westerbeek, who previously was the company's finance director. Fasson Europe, a Leiden, Netherlands-based supplier of self-adhesive materials, is a unit of Avery International Co. of Pasadena, Calif.

Darvil W. Sculley has been appointed deputy managing director of Heinz U.K., a subsidiary of H.J. Heinz Co., a Pittsburgh-based food concern. Mr. Sculley will be responsible for marketing, sales and new business. He succeeds Roy King, who joined Heinz's corporate development group in the Pittsburgh office as area director for Southeast Asia and the North Pacific. Mr. Sculley previously was based in Heinz's head office, where he was vice president, consumer products division.

The president of General Instrument Europe, Robert B. Lemox, was named to the additional position of managing director of the company's Clare International division. Based in Paris, he succeeds Robert A. Manogue, who has taken a position in General Instrument Corp.'s Chicago-based Clare division. General Instrument Corp., a maker of electronic parts and systems, is based in New York.

Philip Highton has been appointed National Westminster Bank's chief manager for Japan. Based in the bank's Tokyo office, he succeeds Ivan Powell. Mr. Highton previously was an accounts executive in the bank's London-based U.K. regional office, where he was responsible for marketing to European subsidiaries of Japanese companies. Before that, Mr. Highton was in the bank's Hong Kong branch.

Euromarket Expansion Slowed in First Quarter, BIS Says

By Carl Gewirtz
International Herald Tribune

PARIS — The Euromarket's rate of expansion slowed markedly in the first three months of this year, possibly reflecting "the beginnings of a deceleration in the market's underlying growth rate," the Bank for International Settlements reported Thursday.

The data in the BIS quarterly report confirm figures published by Morgan Guaranty Trust at the end of March, which showed an overall 14-percent decline in new Eurocurrency bank credits and a 25-percent drop in new loans to non-OPEC developing countries.

But the Morgan Guaranty figures, which are available on a much more timely basis, showed that by the end of the first half, activity had recovered, with the volume of overall bank credits up 20 percent from the same period a year earlier and lending to non-OPEC countries ahead 84 percent. Since then, however, in the wake of Argentina's financial difficulties and a widening concern about imprudent lending by banks, particularly in the United States, most analysts believe that Euromarket activity has slowed considerably.

'More Selective'

The BIS acknowledged that to a considerable extent, the first-quarter slowdown — an increase of \$39 billion in total gross external assets compared with \$101 billion in the preceding quarter and \$55 billion in 1981's first quarter — was seasonal, reflecting the usual unwinding of year-end operations. Gross external assets are the broadest

measure of lending activity and include a considerable amount of double-counting of funds.

The BIS added, however, that the slowdown "went beyond what can easily be accounted for by seasonal factors."

It added, "While no firm conclusion can be drawn from one quarter's figures it seems possible, particularly in the light of more recent indications that banks are becoming more selective in their lending policies, that first-quarter data may also reflect the beginnings of

some deceleration in the underlying rate of growth of credit intermediated by the international banking market."

Over the past decade, the Euromarket has expanded by an average of about 20 percent every year.

The BIS said the first-quarter slowdown "was heavily concentrated" on banks in the major European countries. The external assets of these banks in foreign currencies edged up a bare \$1 billion in the quarter, compared with increases of \$26.6 billion in the first

quarter of 1981 and \$48.1 billion in the previous quarter.

Banks in the United States, particularly their new tax-exempt international banking facilities in New York, accounted for a large part of the total first-quarter growth of international banking business. But the increase in the external assets of U.S. banks totaled \$27.6 billion, well down from the \$40.7-billion expansion registered in the fourth quarter.

The BIS noted that banks in Japan were the only ones to show a

sharp acceleration in the growth of their external assets and deposits in comparison with the fourth quarter.

It also noted that banks outside the United States suffered further withdrawals of deposits by official monetary institutions — a decline of \$4.5 billion in the first quarter — bringing the cumulative drop since the autumn of 1980 to \$29 billion.

The BIS estimated that international bank credit, net of double

(Continued on Page 13, Col. 6)

Wall Street Prices Close Mixed in Late Rally

Compiled by Our Staff From Dispatches

NEW YORK — Prices on the New York Stock Exchange closed mixed Thursday after an afternoon rally, sparked by bargain hunting and a new merger announcement which moved the market off earlier lows.

The Dow Jones industrial average dropped 10 points by early afternoon, close to the 800 level, but then it turned around and finished up 0.48 point at 812.31. Declines continued to lead advances by a 9-to-5 margin and volume widened to 55.7 million shares from the 53.8 million traded Wednesday.

"I think there's a 60 percent chance that the stock market is making a bottoming process and, therefore, I'm relatively optimistic," said Alan R. Shaw, a technical analyst for Smith Barney, Harris Upham.

Larry Wachtel of the Bache

Group said the market was due for an upturn after the steep drops of Wednesday and Thursday morning.

He said the market also got a boost from the news that Reynolds will acquire Heublein.

One of the factors undercutting the market Wednesday was the Federal Trade Commission's decision to try and block Gulf's takeover of City Service. Mr. Wachtel said arbitrageurs were hard hit by the City Service news.

"The Reynolds-Heublein deal gives them another opportunity to make some money," he said.

But just how much the market can rebound in the near future is not clear because of Wall Street confusion over the course of interest rates and the economy.

Edgar W. Kann, managing partner of Ernst & Co., took a far dimmer view of prospects, fore-

casting a low in the Dow industrials "between 650 and 750 in October."

Investors were concerned the Treasury's \$50.5 billion third-quarter borrowing needs will crowd out private industry from the loan windows and send interest rates up to new highs.

Although most of the nation's banks cut their prime lending rate a half point to 15 1/2 percent, traders were not impressed since federal funds rates that banks charge one another for overnight loans have risen.

U.S. interest rates are likely to move higher in the very near term as a result of pressures stemming from the Treasury's quarterly re-funding, money market analysts said Thursday.

In addition, the analysts said month-end settlements by banks are expected to push the key federal funds rate well above the 10.85 percent average rate for the week to Tuesday.

President Reagan, who hailed the drop in the prime rate at his Wednesday night news conference, said he hoped the charges would ease more to give the nation a psychological lift.

The economy, Mr. Reagan said,

has moved into a transition stage from the recession and a recovery will get underway in the second half. The recovery will be slow, however.

Investors also were disturbed the House adopted the Senate's \$98.6 billion tax-increase bill instead of wrestling with its own version. The controversial measure will go to a conference committee.

On the NYSE floor, Continental Illinois was one of the most active stocks, closing unchanged at 16 1/4 after a 2 1/4 point decline Wednesday.

Continental was one of the major lenders to Nucor, which filed for bankruptcy Tuesday. The bank also suffered a second quarter loss because of its liabilities in connection with the Penn Square Bank failure earlier this month.

Western Co. of North America was the volume leader and fell 1 1/4 to 9 1/4.

Statistics Index

AMEX prices	P.12	Flint Rate Index	P.10
Gold prices	P.14	Gold Market	P.11
Commodity Index	P.10	Highs & Lows	P.12
Commodities	P.12	Market Summary	P.12
Dividends	P.12	U.S. Money Rates	P.12
Earnings reports	P.12	OTC Stocks	P.10
Euro-rates	P.10	Other Markets	P.10

CURRENCY RATES

Interbank exchange rates for July 29, excluding bank service charges.

	\$	D.M.	F.F.	S.L.	Sw.	Y.	S.F.	D.M.	F.F.	S.L.	Sw.	Y.
Amsterdam	2.715	4.222	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Bremen (G)	4.18	81.575	79.184	4.695	2.4785	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Frankfurt	4.18	81.575	79.184	4.695	2.4785	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
London (G)	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Moscow	1.275	2.937	10.222	0.222	0.0222	0.0222	0.0222	0.0222	0.0222	0.0222	0.0222	0.0222
Paris	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Stockholm	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Switzerland	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
West Germany	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Japan	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Italy	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Spain	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Sweden	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Denmark	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Netherlands	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Belgium	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
France	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Portugal	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Greece	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
South Africa	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
India	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Japan	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
South Korea	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Philippines	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Thailand	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Malaysia	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Singapore	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Hong Kong	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79
Taiwan	1.201	4.307	118.075	20.225	0.1771	17.28	5.79	128.25	21.85	0.1771	17.28	5.79

Thursday's AMEX Closing Prices

Tables include the nationwide prices up to the closing on Wall Street.

Grains

WHEAT	High	Low	Settle	Chg.
Sept. 1982	2.45	2.40	2.41	-0.01
Dec. 1982	2.40	2.35	2.36	-0.01
Mar. 1983	2.35	2.30	2.31	-0.01
May 1983	2.30	2.25	2.26	-0.01
July 1983	2.25	2.20	2.21	-0.01
Sept. 1983	2.20	2.15	2.16	-0.01
Nov. 1983	2.15	2.10	2.11	-0.01
Jan. 1984	2.10	2.05	2.06	-0.01
Mar. 1984	2.05	2.00	2.01	-0.01
May 1984	2.00	1.95	1.96	-0.01
July 1984	1.95	1.90	1.91	-0.01
Sept. 1984	1.90	1.85	1.86	-0.01
Nov. 1984	1.85	1.80	1.81	-0.01
Jan. 1985	1.80	1.75	1.76	-0.01
Mar. 1985	1.75	1.70	1.71	-0.01
May 1985	1.70	1.65	1.66	-0.01
July 1985	1.65	1.60	1.61	-0.01
Sept. 1985	1.60	1.55	1.56	-0.01
Nov. 1985	1.55	1.50	1.51	-0.01
Jan. 1986	1.50	1.45	1.46	-0.01
Mar. 1986	1.45	1.40	1.41	-0.01
May 1986	1.40	1.35	1.36	-0.01
July 1986	1.35	1.30	1.31	-0.01
Sept. 1986	1.30	1.25	1.26	-0.01
Nov. 1986	1.25	1.20	1.21	-0.01
Jan. 1987	1.20	1.15	1.16	-0.01
Mar. 1987	1.15	1.10	1.11	-0.01
May 1987	1.10	1.05	1.06	-0.01
July 1987	1.05	1.00	1.01	-0.01
Sept. 1987	1.00	0.95	0.96	-0.01
Nov. 1987	0.95	0.90	0.91	-0.01
Jan. 1988	0.90	0.85	0.86	-0.01
Mar. 1988	0.85	0.80	0.81	-0.01
May 1988	0.80	0.75	0.76	-0.01
July 1988	0.75	0.70	0.71	-0.01
Sept. 1988	0.70	0.65	0.66	-0.01
Nov. 1988	0.65	0.60	0.61	-0.01
Jan. 1989	0.60	0.55	0.56	-0.01
Mar. 1989	0.55	0.50	0.51	-0.01
May 1989	0.50	0.45	0.46	-0.01
July 1989	0.45	0.40	0.41	-0.01
Sept. 1989	0.40	0.35	0.36	-0.01
Nov. 1989	0.35	0.30	0.31	-0.01
Jan. 1990	0.30	0.25	0.26	-0.01
Mar. 1990	0.25	0.20	0.21	-0.01
May 1990	0.20	0.15	0.16	-0.01
July 1990	0.15	0.10	0.11	-0.01
Sept. 1990	0.10	0.05	0.06	-0.01
Nov. 1990	0.05	0.00	0.01	-0.01
Jan. 1991	0.00	0.00	0.00	-0.01
Mar. 1991	0.00	0.00	0.00	-0.01
May 1991	0.00	0.00	0.00	-0.01
July 1991	0.00	0.00	0.00	-0.01
Sept. 1991	0.00	0.00	0.00	-0.01
Nov. 1991	0.00	0.00	0.00	-0.01
Jan. 1992	0.00	0.00	0.00	-0.01
Mar. 1992	0.00	0.00	0.00	-0.01
May 1992	0.00	0.00	0.00	-0.01
July 1992	0.00	0.00	0.00	-0.01
Sept. 1992	0.00	0.00	0.00	-0.01
Nov. 1992	0.00	0.00	0.00	-0.01
Jan. 1993	0.00	0.00	0.00	-0.01
Mar. 1993	0.00	0.00	0.00	-0.01
May 1993	0.00	0.00	0.00	-0.01
July 1993	0.00	0.00	0.00	-0.01
Sept. 1993	0.00	0.00	0.00	-0.01
Nov. 1993	0.00	0.00	0.00	-0.01
Jan. 1994	0.00	0.00	0.00	-0.01
Mar. 1994	0.00	0.00	0.00	-0.01
May 1994	0.00	0.00	0.00	-0.01
July 1994	0.00	0.00	0.00	-0.01
Sept. 1994	0.00	0.00	0.00	-0.01
Nov. 1994	0.00	0.00	0.00	-0.01
Jan. 1995	0.00	0.00	0.00	-0.01
Mar. 1995	0.00	0.00	0.00	-0.01
May 1995	0.00	0.00	0.00	-0.01
July 1995	0.00	0.00	0.00	-0.01
Sept. 1995	0.00	0.00	0.00	-0.01
Nov. 1995	0.00	0.00	0.00	-0.01
Jan. 1996	0.00	0.00	0.00	-0.01
Mar. 1996	0.00	0.00	0.00	-0.01
May 1996	0.00	0.00	0.00	-0.01
July 1996	0.00	0.00	0.00	-0.01
Sept. 1996	0.00	0.00	0.00	-0.01
Nov. 1996	0.00	0.00	0.00	-0.01
Jan. 1997	0.00	0.00	0.00	-0.01
Mar. 1997	0.00	0.00	0.00	-0.01
May 1997	0.00	0.00	0.00	-0.01
July 1997	0.00	0.00	0.00	-0.01
Sept. 1997	0.00	0.00	0.00	-0.01
Nov. 1997	0.00	0.00	0.00	-0.01
Jan. 1998	0.00	0.00	0.00	-0.01
Mar. 1998	0.00	0.00	0.00	-0.01
May 1998	0.00	0.00	0.00	-0.01
July 1998	0.00	0.00	0.00	-0.01
Sept. 1998	0.00	0.00	0.00	-0.01
Nov. 1998	0.00	0.00	0.00	-0.01
Jan. 1999	0.00	0.00	0.00	-0.01
Mar. 1999	0.00	0.00	0.00	-0.01
May 1999	0.00	0.00	0.00	-0.01
July 1999	0.00	0.00	0.00	-0.01
Sept. 1999	0.00	0.00	0.00	-0.01
Nov. 1999	0.00	0.00	0.00	-0.01
Jan. 2000	0.00	0.00	0.00	-0.01
Mar. 2000	0.00	0.00	0.00	-0.01
May 2000	0.00	0.00	0.00	-0.01
July 2000	0.00	0.00	0.00	-0.01
Sept. 2000	0.00	0.00	0.00	-0.01
Nov. 2000	0.00	0.00	0.00	-0.01
Jan. 2001	0.00	0.00	0.00	-0.01
Mar. 2001	0.00	0.00	0.00	-0.01
May 2001	0.00	0.00	0.00	-0.01
July 2001	0.00	0.00	0.00	-0.01
Sept. 2001	0.00	0.00	0.00	-0.01
Nov. 2001	0.00	0.00	0.00	-0.01
Jan. 2002	0.00	0.00	0.00	-0.01
Mar. 2002	0.00	0.00	0.00	-0.01
May 2002	0.00	0.00	0.00	-0.01
July 2002	0.00	0.00	0.00	-0.01
Sept. 2002	0.00	0.00	0.00	-0.01
Nov. 2002	0.00	0.00	0.00	-0.01
Jan. 2003	0.00	0.00	0.00	-0.01
Mar. 2003	0.00	0.00	0.00	-0.01
May 2003	0.00	0.00	0.00	-0.01
July 2003	0.00	0.00	0.00	-0.01
Sept. 2003	0.00	0.00	0.00	-0.01
Nov. 2003	0.00	0.00	0.00	-0.01
Jan. 2004	0.00	0.00	0.00	-0.01
Mar. 2004	0.00	0.00	0.00	-0.01
May 2004	0.00	0.00	0.00	-0.01
July 2004	0.00	0.00	0.00	-0.01
Sept. 2004	0.00	0.00	0.00	-0.01
Nov. 2004	0.00	0.00	0.00	-0.01
Jan. 2005	0.00	0.00	0.00	-0.01
Mar. 2005	0.00	0.00	0.00	-0.01
May 2005	0.00	0.00	0.00	-0.01
July 2005	0.00	0.00	0.00	-0.01
Sept. 2005	0.00	0.00	0.00	-0.01
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May 2006	0.00	0.00	0.00	-0.01
July 2006	0.00	0.00	0.00	-0.01
Sept. 2006	0.00	0.00	0.00	-0.01
Nov. 2006	0.00	0.00	0.00	-0.01
Jan. 2007	0.00	0.00	0.00	-0.01
Mar. 2007	0.00	0.00	0.00	-0.01
May 2007	0.00	0.00	0.00	-0.01
July 2007	0.00	0.00	0.00	-0.01
Sept. 2007	0.00	0.00	0.00	-0.01
Nov. 2007	0.00	0.00	0.00	-0.01
Jan. 2008	0.00	0.00	0.00	-0.01
Mar. 2008	0.00	0.00	0.00	-0.01
May 2008	0.00	0.00	0.00	-0.01
July 2008	0.00	0.00	0.00	-0.01
Sept. 2008	0.00	0.00	0.00	-0.01
Nov. 2008	0.00	0.00	0.00	-0.01
Jan. 2009	0.00	0.00	0.00	-0.01
Mar. 2009	0.00	0.00	0.00	-0.01
May 2009	0.00	0.00	0.00	-0.01
July 2009	0.00	0.00	0.00	-0.01
Sept. 2009	0.00	0.00	0.00	-0.01
Nov. 2009	0.00	0.00	0.00	-0.01
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July 2010	0.00	0.00	0.00	-0.01
Sept. 2010	0.00	0.00	0.00	-0.01
Nov. 2010	0.00	0.00	0.00	-0.01
Jan. 2011	0.00	0.00	0.00	-0.01
Mar. 2011	0.00	0.00	0.00	-0.01
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July 2011	0.00	0.00	0.00	-0.01
Sept. 2011	0.00	0.00	0.00	-0.01
Nov. 2011	0.00	0.00	0.00	-0.01
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Mar. 2012	0.00	0.00	0.00	-0.01
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Sept. 2012	0.00	0.00	0.00	-0.01
Nov. 2012	0.00	0.00	0.00	-0.01
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May 2013	0.00	0.00	0.00	-0.01
July 2013	0.00	0.00	0.00	-0.01
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July 2015	0.00	0.00	0.00	-0.01
Sept. 2015	0.00	0.00	0.00	-0.01
Nov. 2015	0.00	0.00	0.00	-0.01
Jan. 2016	0.00	0.00	0.00	-0.01
Mar. 2016	0.00	0.00	0.00	-0.01
May 2016	0.00	0.00	0.00	-0.01
July 2016	0.00	0.00	0.00	-0.01
Sept. 2016	0.00	0.00	0.00	-0.01
Nov. 2016	0.00	0.00	0.00	-0.01
Jan. 2017	0.00	0.00	0.00	-0.01
Mar. 2017	0.00	0.00	0.00	-0.01
May 2017	0.00	0.00	0.00	-0.01
July 2017	0.00	0.00	0.00	-0.01
Sept. 2017	0.00	0.00	0.00	-0.01
Nov. 2017	0.00	0.00	0.00	-0.01
Jan. 2018	0.00	0.00	0.00	-0.01
Mar. 2018	0.00	0.00	0.00	-0.01
May 2018	0.00	0.00	0.00	-0.01
July 2018	0.00	0.00	0.00	-0.01
Sept. 2018	0.00	0.00	0.00	-0.01
Nov. 2018	0.00	0.00	0.00	-0.01
Jan. 2019	0.00	0.00	0.00	-0.01
Mar. 2019	0.00	0.00	0.00	-0.01
May 2019	0.00	0.00	0.00	-0.01
July 2019	0.00	0.00	0.00	-0.01
Sept. 2019	0.00	0.00	0.00	-0.01
Nov. 2019	0.00	0.00	0.00	-0.01
Jan. 2020	0.00	0.00	0.00	-0.01
Mar. 2020	0.00	0.00	0.00	-0.01
May 2020	0.00	0.00	0.00	-0.01</

BUSINESS BRIEFS

Continental Illinois Leaves CD Issue Group

ITT, French in Accord on Sale

NEW YORK — International Telephone & Telegraph said Thursday that the French government has agreed to a memorandum of understanding for the sale of ITT's four telecommunications companies in France to the state for \$50 million.

ITT said it has agreed to an audit and will accept responsibility for operating losses, if any, through the first nine months of 1982 in excess of 100 million French francs (\$144 million).

Polaroid Introduces New Camera

CAMBRIDGE, Mass. — Polaroid Wednesday introduced a new folding, single-lens-reflex, automatic-focus camera with a built-in electronic flash for instant color pictures.

The company said the SLR-680 uses the same high-speed color film as Polaroid's "Sun Camera" and the "Amigo" camera. Polaroid said the suggested list price for the SLR-680 is \$265.

Fujitsu Builds a Faster 64K Chip

TOKYO — Fujitsu Ltd. said Thursday that it has developed the world's smallest and fastest 64K dynamic random access memory chip. The chip is 15 percent smaller and 20 percent faster than any chip now available, the company said.

Sales are scheduled to begin in October at \$900 yen (\$15.35) each, a price expected to be reduced once mass production is achieved. Fujitsu is one of a number of major Japanese semiconductor manufacturers that have systems capable of making one million 64K RAM chips a month.

GM to Pull Out of Taiwan Project

TAIPEI — General Motors Corp. plans to sell its 45-percent share in a joint venture set up last year to produce heavy-duty trucks, buses and diesel engines in Taiwan, Economic Minister William Chao said Thursday.

The venture, Hsu Tung Automotive Corp., has had to suspend construction of its plant in Chungli, south of Taipei, because it did not get a scheduled loan of more than \$10 million.

Fuji Heavy Plans Portuguese Project

TOKYO — Fuji Heavy Industries Ltd. said Thursday that it is negotiating with Industria Montagem Automotora of Portugal on a plan to begin assembling minicars in that country.

The Japanese company said it hopes to start the assembly operations in the second half of 1983. The main parts would be produced in Japan.

MGM-UA Ends Plan to Sell Old Films

CULVER CITY, Calif. — MGM-UA Entertainment Co. has announced the collapse of a plan to sell its music publishing business and a collection of old Warner Bros. films to Warner Communications Inc. for \$100 million.

In New York, Warner said it and MGM-UA had "terminated" their negotiations "due to an inability of the parties to reach an understanding as to essential terms."

Compiled From Agency Dispatches

Heated Debate Marks Drug Patent Measure

(Continued from Page 11)

years, the drug companies say they usually spend the first half of that time conducting animal and human tests before they can market a drug. The bill, they say, would encourage investment in research, spur technological innovation and lead to the development of life-saving drugs.

At the Judiciary Committee hearings, the opposition consisted of many manufacturers of generic drugs, which are designed to be chemically equivalent to the brand-name products but are often sold at lower prices.

The generic drug companies, joined by consumer groups and labor unions, have denounced the bill as a "giveaway" to large, profitable drug companies. They contend that it would prolong the monopoly of brand-name products, delaying the introduction of generic substitutes.

The bill, sponsored by Rep. Robert W. Kastenmeier, Democrat of Wisconsin, applies not only to drugs, but also to other products that require "regulatory review" by the federal government, such as

food additives, pesticides and toxic industrial chemicals.

With millions of dollars at stake, the Pharmaceutical Manufacturers Association has lined up a galaxy of lawyers and lobbyists to argue its case. Former Attorney General Benjamin R. Civiletti and former Representative Charles E. Wiggins, a Republican, and James C. Conman, a Democrat, have registered as lobbyists for the association on the issue. Mr. Wiggins and Mr. Conman used to represent California districts but now practice law in Washington.

The president of the Pharmaceutical Manufacturers Association, Lewis A. Engman, served under Presidents Nixon and Ford as chairman of the Federal Trade Commission. In that position, he tried to promote competition by challenging state laws against the advertising of prescription drug prices.

One of the chief spokesmen for the association at a congressional hearing earlier this year was Peter Barton-Hunt, former chairman of the Food and Drug Administration, who said the Kastenmeier bill was needed to combat "a substantial

decline in pharmaceutical innovation."

"In 1960," Mr. Engman said, "a \$3.5 billion industry with effective patent lives averaging 16 years produced 50 new medicines. In 1979, a \$20 billion industry with effective patent lives averaging less than 10 years produced only 12 new medicines."

Generic drug companies do not accept those statistics. William F. Haddad, a former investigator for the New York state Assembly who is now president of the Generic Pharmaceutical Industry Association, said that "the top-selling drugs in America are realizing actual legal patent protection for an average of 18.5 years." The producers of brand-name drugs, he said, often "get additional patents to protect the manufacturing process as well as the composition of a drug."

The makers of brand-name drugs contend that the additional patents for new manufacturing processes are justified when they result from additional investments by the holder of the original patent.

Gold Markets

	July 29
London	359.50
Paris	359.50
Frankfurt	359.50
Amsterdam	359.50
Stockholm	359.50
Oslo	359.50
Copenhagen	359.50
Helsinki	359.50
Tallinn	359.50
Riga	359.50
Vilnius	359.50
Kiev	359.50
Moscow	359.50
U.S. dollars per ounce	359.50

Gold Options (prices in \$/oz.)

Month	Aug.	Sept.	Oct.	Nov.	Dec.
100	180.00	180.00	180.00	180.00	180.00
200	180.00	180.00	180.00	180.00	180.00
300	180.00	180.00	180.00	180.00	180.00
400	180.00	180.00	180.00	180.00	180.00
500	180.00	180.00	180.00	180.00	180.00

Valuers White Wolf S.A.

1, Quai des Monts-Blancs
1211 Geneva 1, Switzerland
Tel. 31 62 51 - Telex 28 305

CENTRAL ASSETS

CURRENCY FUNDS LTD.
Prices as at 30.7.82

U.S. \$	18.47
£ Sterling	10.61
D. Marks	42.03
Sfr. France	44.36
Pf. France	106.78
SDR's	260.87

Quotations: Zurich Currency Management Ltd.
P.O. Box 198, 8001 Zurich, Switzerland
Tel. 0584 1455 - Telex 001 48223

FUTURES DOW JONES

Through New York Stock Exchange Index Fund
Prices in U.S. \$

Month	July 29
100	1400.00
200	1400.00
300	1400.00
400	1400.00
500	1400.00

PIERSON, HEDRICK & PIERSON INC.
Hedgefonds 24, AMSTERDAM
Tel. 21088 Telex 1206

ADVERTISEMENT

THE DAIRY, INC.

(CDE's)

The undersigned announces that the Annual Report March 1st, 1981-FEBRUARY 28th, 1982 of The Dairy, Inc. will be available in Amsterdam at:

Algemeen Bank Nederland N.V., Amsterdam-Rotterdam Bank N.V., Bank Mees & Hoop N.V., Pierson, Halding & Pierson N.V., Kap-Assoc. N.V.

AMSTERDAM DEPOSITORY COMPANY N.V.

Amsterdam, July 23rd, 1982.

Send for full details to:

EBC Trust Company (Jersey) Ltd., 28 Hill Street, St. Helier, Jersey, C.I. Tel: 0534 36281

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Name _____

Address _____

City _____ Country _____

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First National Securities Ltd.
84 Rue du Rhône
1204 Geneva
SWITZERLAND

HT

Market participants say the money market is now functioning normally. But the events on Wednesday, close observers said, reflects increasing investor wariness about Continental Illinois, which holds \$1 billion in energy loans originated by failed Penn Square Bank.

On Wednesday the bank disclosed that it had lent \$150 million to San Diego-based Nucor, which filed for protection Tuesday from creditors under Chapter 11 of the federal bankruptcy laws. (Other subsidiaries of Continental Illinois Corp., the bank's holding company, lent Nucor \$23 million.)

Continental Illinois also recently reported a \$61 million operating loss for the second quarter. "I think the market is a little bit shaky after the Penn Square failure," said a money-market specialist at one of the nation's biggest banks. "Continental is a big bank and fairly solid, but the irrational fears of the retail investor are being reflected in the appetite of [professional] traders."

The troubles brought into sharp focus how Continental Illinois, the sixth-largest bank in the United States, is being forced to pay much more on its newly issued certificates of deposit, which are a major source of its funds.

As of late last week, one close observer said, Continental Illinois was paying a half-percentage point more than other banks ranked in the top 10. With disclosure of its loans to Nucor on Wednesday, dealers estimated that Continental Illinois would now be paying between 1 and 1 1/2 percentage points more than other major banks on newly issued certificates of deposit.

Undermined System

In the market for previously issued CDs, the lower value being placed by traders on Continental Illinois CDs reportedly had undermined the normal functioning of the market in bank certificates of deposit. Dealers traditionally trade CDs of the nation's 10 largest banks at equivalent yields and values. Dealers typically do not stipulate which of the big banks' paper will be bought or sold between them. A buyer does not specify whether it will receive CDs from Chase Manhattan or Continental Illinois, for example.

But the troubles at Continental Illinois undermined that system. Sellers were anxious to get rid of Continental Illinois paper, which had fallen in value. But buyers feared that, if they entered into any purchase agreements, they would be stuck with Continental Illinois paper rather than higher quality CDs of other big banks. Such fears reportedly triggered confusion and instability in the money market.

By removing itself from the list of the top 10 banks in the CD market, Continental agreed to have its CDs trade separately and at a different rate than the paper of its counterparts among the nation's biggest banks.

Also as a result of its decision, Continental Illinois CDs will not be deliverable against futures contracts on the International Monetary Market.

An IMM spokesman said the exchange did not pressure Continental Illinois to take any action, and a spokesman for the bank denied reports that the bank had been pressured by some dealers to take decisive steps to calm the market.

But a key official at one New York brokerage said, "I think there was some pressure out there that forced them to do it."

order blocking the merger, the commission said the merger could decrease competition in gasoline marketing, jet fuel production and distribution, and pipeline transport of petroleum products.

Analysts say Gulf's aim is to acquire Cities Service's domestic oil producing properties, exploratory capability and natural gas liquids. "Most other assets of Cities Service were peripheral," said Al Anzures, an analyst at Carl H. Pforzheimer & Co. "It seems that some kinds of accommodations could have been made to satisfy most of the commission's complaints, including the selling of one of the refineries in Louisiana."

Mr. Ryan said he expects Gulf to reach some such accommodation with the FTC, probably providing for the divestiture of certain operations.

Alvin D. Silber of Dean Witter Reynolds said he interpreted the FTC action as a part of negotiations between Gulf and the agency. The FTC may be trying to "put pressure on Gulf to negotiate more cooperatively," he said.

Mr. Silber said he does not expect Gulf to give up on the acquisition as a result of the FTC's stand. He said it is more likely Gulf will

negotiate a settlement to remove the commission's objections.

Some industry observers wondered why Gulf had not made concessions in negotiations with the FTC that would clear the way for a consent decree allowing the acquisition to go forward. There were some suspicions that Gulf may have soured on the plan and become willing to let the commission kill it.

If the commission succeeds in getting an injunction blocking the acquisition and subsequently decides to lodge an official complaint, setting in motion the machinery for a full-scale examination of the deal, the process could take months or years — thereby killing the deal.

Thomas J. Campbell, director of the FTC's bureau of competition, said officials had met often with Gulf representatives in recent weeks without reaching a consent settlement.

Gulf, which is the sixth largest oil company in the nation, and Cities Service, which ranks 19th, together would be the fourth largest marketer of gasoline after the merger.

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Eurocurrency Interest Rates

	Dollar	D-Mark	Swiss	Italian	French	ECU	SDR
1 M.	12 3/4 - 13 1/4	8 1/2 - 9 1/4	7 1/2 - 8 1/4	11 1/2 - 12 1/4	14 1/2 - 15 1/4	12 1/2 - 13 1/4	11 1/2 - 12 1/4
3 M.	12 1/4 - 13 1/4	8 1/4 - 9 1/4	7 1/4 - 8 1/4	11 1/4 - 12 1/4	14 1/4 - 15 1/4	12 1/4 - 13 1/4	11 1/4 - 12 1/4
6 M.	12 1/4 - 13 1/4	8 1/4 - 9 1/4	7 1/4 - 8 1/4	11 1/4 - 12 1/4	14 1/4 - 15 1/4	12 1/4 - 13 1/4	11 1/4 - 12 1/4
1 Y.	12 1/4 - 13 1/4	8 1/4 - 9 1/4	7 1/4 - 8 1/4	11 1/4 - 12 1/4	14 1/4 - 15 1/4	12 1/4 - 13 1/4	11 1/4 - 12 1/4

INVITATION OF TENDERS

The SOCIÉTÉ CENTRAFRICAINE DE DÉVELOPPEMENT AGRICOLE, B.P. 997 BANGUI (C.A.R.) is starting an invitation of tenders for the manufacture of fertilizers in 3 indivisible lots, i.e.:

LOT N° 1: 855 tons of urea titrating at 100 kg a minimum of 46 ureal Nitrogen (N) fertilizing units.

LOT N° 2: 350 tons of Ammonium Sulfate titrating at 100 kg a minimum of 21 Ammoniacal Nitrogen (N) units.

LOT N° 3: 620 tons of a compound fertilizer or mixed fertilizer titrating at 100 kg:

- about 15 non-nitric, ammoniacal or ureal Nitrogen (N) fertilizing units. The possible percentage of ureal Nitrogen will not have to rise above 5% of the total quantity of Nitrogen,
- about 15—totally water and citrate soluble—phosphorus acid (P₂O₅) fertilizing units,
- about 15 potash (K₂O) fertilizing units,
- a minimum of 5 sulfur (S) fertilizing units,
- a minimum of 1 boron pentoxide (B₂O₃) fertilizing unit.

DELIVERY PLACE: C.I.F. POINTE NOIRE (CONGO).

DELIVERY TIME: Before November 10, 1982.

PARTICIPATION: The competition is opened up to all the suppliers of a country member of the BIRD, or of SWITZERLAND or of TAIWAN.

OFFERS: The offers in French language must reach the SOCIÉTÉ CENTRAFRICAINE DE DÉVELOPPEMENT AGRICOLE, B.P. 997 BANGUI (CAR) or be deposited at its office before August 28, 1982 on 12 o'clock time allowed.

DOSSIERS OF INVITATION OF TENDERS: The dossier can be obtained from: SOCAD, BP 997 BANGUI (C.A.R.). Telex: 5212.

BANQUE NATIONALE DE PARIS

Floating rate note issue of U.S.\$ 250 million

January 1980/88.

The rate of interest applicable for the three-month period beginning July 29th, 1982 and set by the reference agent is 13 1/4% annually.

Notice to the holders of bonds of the issue 8% 1977/1986 of U.S. 25,000,000, made by the European Coal and Steel Community.

The Commission of the European Communities informs the bondholders that a selection by lot for a principal amount of U.S. \$271,000, has been made for redemption in the presence of a notary public on July 9, 1982 by the Luxembourg branch of the Société Générale d'Assurance de Banque.

The serial numbers of bonds to be redeemed are as follows: from 017848 to 018118 incl.

The bonds selected by lot will be reimbursed on or after 1st September 1982, with the coupon due 1st September, 1983, and following in accordance with the terms of payment mentioned on the bonds.

COMMUNAUTÉ EUROPÉENNE DU CHARBON ET DE L'ACIER
COMMISSION DES COMMUNAUTÉS EUROPÉENNES
LUXEMBOURG

New Issue

These Bonds having been sold, this announcement appears as a matter of record only.

July 1982

SPERRY
Sperry Holding Company, Inc.

Wilmington, Delaware

DM 75 000 000

9 1/2 % Bearer Bonds of 1982/1989

— Private Placement —

irrevocably and unconditionally guaranteed by

Sperry Corporation

New York

Berliner Handels- und Frankfurter Bank

New Issue
July 30, 1982

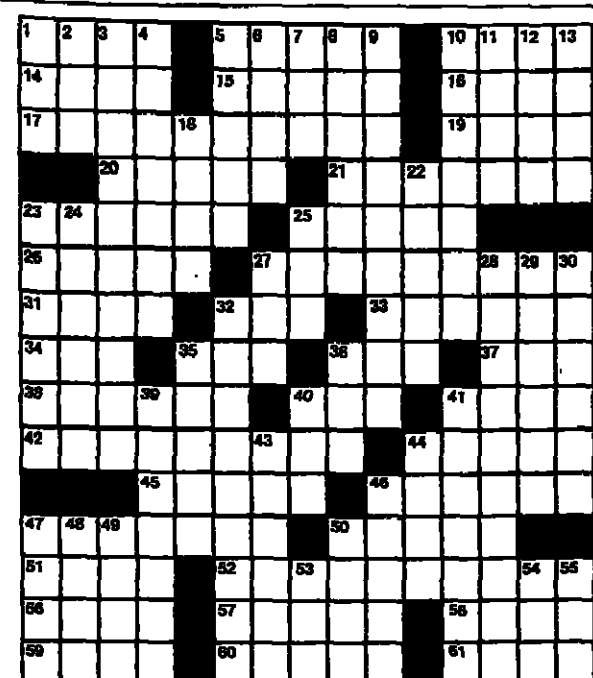
This advertisement appears
as a matter of record only

EUROPEAN INVESTMENT BANK
Luxembourg

DM 200.000.000,—
9 3/4 % Deutsche Mark Bearer Bonds of 1982/1992

Offering Price: 100%
Interest: 9 3/4 % p. a., payable annually on August 1
Maturity: August 1

CROSSWORD



ACROSS

- 1 Mardi —
5 Scenic view
10 Portside
14 Mata —
15 DNA's double
17 Wagon shaft
18 Marie Houle,
a.g.
19 Hill in
Jerusalem
20 Emulate
Heiden
21 Discounts
22 Patrimony
23 Coin of Kuwait
25 Shoes for some
dances
27 Gives new
confidence to
31 Light, in
Livorno
32 Soho oasis
33 Tall Aryan of
Caucasia
34 Service station
giveaway
35 Tangled mass
36 Tum Kite is one
37 Penrod's pal
38 Melted wax
was his
downfall
40 Prefix with
array or robe
41 Con
42 Memory
44 Spurn

DOWN

- 1 Res. for the
brass
2 Noted Indian
author
3 Hilda
4 Depression
5 He wrote "On
the Beach"
6 Mushroom
7 "— the
Way," 1957
8 Birthplace of
the Muses
9 Straightening
muscles
10 Her poem is
engraved
under Miss
Liberty

ACROSS

- 45 Bagpipe
46 Tunic
47 Town on the
Rhine
50 Apollo 16 lunar
lander
51 Potpourri
52 Nourishing
56 Vim
57 "Star Wars"
director
58 Ornamental
case
59 Señorita's
peepers
60 Put into action
61 Like Hume's
tomes

DOWN

- 11 Egress
12 Growler
13 Lacrosse
teams
18 Makes lace
23 Profundo
25 Pastry
26 Socialite, for
short
27 Highway
hazard
28 Inverted, as a
flower
29 Warehouses
30 Mother of
Dionysus
32 Idyllic
composition
33 Said
34 Gudgeon
35 Football
blitzes
40 Duck's mate
41 Lowered in
grade
43 River mouth
44 Kind of tree or
forest
46 Surfer's
surface
47 Big, strong sep
48 Zeb. prophet
49 Tonic Martini
50 Khayyam
53 Bartender's
"rocks"
54 — anemone
55 Pup's plaint

WEATHER

	HIGH	LOW		HIGH	LOW
ALABAMA	72	54	MISSISSIPPI	72	54
ALASKA	72	54	MINNESOTA	72	54
ARIZONA	72	54	MISSOURI	72	54
ARKANSAS	72	54	MONTANA	72	54
CALIFORNIA	72	54	NEBRASKA	72	54
CONNECTICUT	72	54	NEVADA	72	54
DELAWARE	72	54	NEW HAMPSHIRE	72	54
FLORIDA	72	54	NEW JERSEY	72	54
GEORGIA	72	54	NEW MEXICO	72	54
ILLINOIS	72	54	NEW YORK	72	54
INDIANA	72	54	NORTH CAROLINA	72	54
IOWA	72	54	NORTH DAKOTA	72	54
KANSAS	72	54	OHIO	72	54
KENTUCKY	72	54	OKLAHOMA	72	54
LOUISIANA	72	54	OREGON	72	54
MAINE	72	54	PENNSYLVANIA	72	54
MARYLAND	72	54	RHODE ISLAND	72	54
MASSACHUSETTS	72	54	SOUTH CAROLINA	72	54
MICHIGAN	72	54	SOUTH DAKOTA	72	54
MINNESOTA	72	54	TENNESSEE	72	54
MISSISSIPPI	72	54	TEXAS	72	54
MISSOURI	72	54	UTAH	72	54
MONTANA	72	54	VERMONT	72	54
NEBRASKA	72	54	VIRGINIA	72	54
NEVADA	72	54	WASHINGTON	72	54
NEW HAMPSHIRE	72	54	WISCONSIN	72	54
NEW JERSEY	72	54	WYOMING	72	54
NEW MEXICO	72	54			
NEW YORK	72	54			
NORTH CAROLINA	72	54			
NORTH DAKOTA	72	54			
OHIO	72	54			
OKLAHOMA	72	54			
OREGON	72	54			
PENNSYLVANIA	72	54			
RHODE ISLAND	72	54			
SOUTH CAROLINA	72	54			
SOUTH DAKOTA	72	54			
TENNESSEE	72	54			
TEXAS	72	54			
UTAH	72	54			
VERMONT	72	54			
VIRGINIA	72	54			
WASHINGTON	72	54			
WISCONSIN	72	54			
WYOMING	72	54			

Readings from the previous 24 hours.

ADVERTISEMENT
INTERNATIONAL FUNDS

July 29, 1982

The net asset value quotations shown below are supplied by the Funds listed with the exception of those funds whose quotations are supplied by the International Fund for Development (IFD) and the International Fund for Agricultural Development (IFAD).	
Fund	Net Asset Value
BANK JULIUS BAER & CO. Ltd.	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF AMERICA	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF NEW YORK	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF MONTREAL	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF PARIS	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF SWITZERLAND	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF URBAN & SCHWAB	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF VIENNA	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF ZURICH	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF LONDON	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF SYDNEY	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF AUCKLAND	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF WELLINGTON	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF CHRISTCHURCH	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF DUNEDIN	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF INVERCARGILL	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF NELSON	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF TIMARU	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF HAMILTON	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
(4) Short-Term Fund	\$F 72.95
(5) World Fund	\$F 72.95
BANK OF NEWCASTLE	
(1) Bond Fund	\$F 72.95
(2) Equity Fund	\$F 72.95
(3) Money Fund	\$F 72.95
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BANK OF AUCKLAND	
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BANK OF CHRISTCHURCH	
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BANK OF DUNEDIN	
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BANK OF WELLINGTON	
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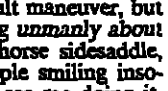
OBSERVER

A Man and His Car

Russell Baker

NYORK — I spent some childhood time in the country where people used horses and kept guns, and when a horse broke down they shot it. Maybe this is why I've never understood Detroit's refusal to market a car that can be shot and walked away from.

I still have a 1969 Rustmobile. I'm a man, I decided not to give the mass of rubbery tubing an experimental twist. I slammed the hood down, on the theory that a good slam might shake some vital starting mechanism out of its torpor and solve the problem.



Baker

Back behind the wheel I slid. Turned the key. The Rustmobile shuddered, emitted a single clunk, a reluctant whimper for its manhood, and fell silent.

Outside, I raised the hood again. Where had other men learned to bend recalcitrant automobiles to their will?

That isn't the half of it either. The truth is I can't even pump my own gasoline. I always imagine old codgers waiting in line behind me, jostling at the pump, waiting for me to get out of the way and make room for real men who know how to pump their own gas.

At the age of 13, with a front door that won't open, the Rustmobile is a prime candidate for the junkyard. I gave it enough time to ponder the possibility of persistent insolence. It was not a many thing to do, but rather feminine. I thought, in its reliance on patience and the power of reason.

Two hours later, I slid across the seat, turned the key and the Rustmobile sparked away like a whip. Don't ask me why. I don't really believe cars can tell what's good for them, but in the case of the Rustmobile, it's reading this. I'm a man, I decided not to give the mass of rubbery tubing an experimental twist. I slammed the hood down, on the theory that a good slam might shake some vital starting mechanism out of its torpor and solve the problem.

On the other hand, could it provoke the tension on the camshaft lever. Twisting might provoke the camshaft to throw a piston through the solenoid.

I could imagine master mechanics examining the Rustmobile under electronic probes equipped with the latest laser-operated camshaft levers, then coming out to tell me: "I'm afraid we've got some grim news. Your Rustmobile has solenoids."

"Is there no hope?"

"The only chance is immediate spot welding. And plenty of prayer."

Unfortunately, there were no master mechanics at hand. I had to make my own decision. Like a man, I decided not to give the mass of rubbery tubing an experimental twist. I slammed the hood down, on the theory that a good slam might shake some vital starting mechanism out of its torpor and solve the problem.

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The 4-Million-Mile Man

Around the World With Bob Manning and the White House Press

By Elisabeth Bumiller

WASHINGTON — Bob Manning has traveled almost 4 million miles in 22 years at the White House, a distance roughly equal to eight round trips to the moon. It's easier to say where he hasn't been. One place is Antarctica. He was in Dallas with John F. Kennedy, in Peking with Richard M. Nixon, in Vladivostok with Gerald R. Ford, in Jerusalem with Jimmy Carter and at Windsor Castle with Ronald Reagan. He went around the world with Lyndon B. Johnson in 123 hours.

His job, until he retired this month, was White House logistics expert for presidential travel. From 1967, he was in charge of the whole White House Transportation Office. In essence, he was tour guide for the most pampered group of journalists in the world. He rounded up planes, booked hotel rooms, smoothed tears, set up telephones, organized softball games, gave up his plane seat for poker players and, most recently, galloped across Europe with 278 reporters and 400 bags.

"God, it's a zoo," he said.

Manning said recently that he was leaving because he promised it to his wife, B.J., who complained that he was gone "too long." "I'm kidding," he said. "I was tired." After all those years, it starts to beat you down, both physically and mentally. I want to go home, I still got that little spark.

Goodbye Party

Reporters had a goodbye party for Manning. Former White House press secretaries Jody Powell, Ron Nessen and Jerald Horner were there. In California, United Press International's White House correspondent, Helen Thomas, teased him as "Mr. Wonderful." He called "The Silver Fox" because of his hair and his charm. He smokes dark cigarettes. His motto is "Gotta Cover."

As a goodbye present, the Secret Service gave him an inflatable nude doll. He once helped put a live sheep in Newsworld reporter Tom DeFrank's hotel room as a practical joke.

Manning was born and raised in Knoxville, Tenn., where he started out working as a telephone operator for the Southern Railway. He moved to the railway's Washington office, and was hired by the White House in 1957. He operated a teletype during the Eisenhower administration, but by the time Kennedy was president, he had begun his 4-million-mile odyssey.

Lately he's been vacationing on Tilghman Island, Md. "I want to escape the house, put a muffler in the truck and pursue the roses," he says. "Then I want to talk to

some people to see if I can find a job where I'm home."

Funniest trips:

• Two press buses were traveling toward the airport in Jeddah, Saudi Arabia. One, to avoid a street fire, took a roundabout route. This resulted in the two buses smashing into each other. Manning got out, flagged down a dump truck and piled everybody in. "And here was Connie Chung," he recalls — she is now a Los Angeles television anchorwoman — "I'll never forget it, wearing a beautiful pale yellow dress, sitting on top of a pile of garbage, looking immaculate."

• In Poland, a tuba player in the presidential welcoming band got so excited he walked into Air Force One.

• In Lahore, Pakistan, the hotel air conditioner didn't work. Manning figures it was 120 degrees Fahrenheit. The hotel manager set up cots around a pool surrounded by shrubbery. During the night, Manning got up every hour or so, dived in, then went back to sleep with a wet sheet wrapped around him. The next morning, he found out that the hotel staff had spent the night beating off snakes in the bushes.

• In Wellington, New Zealand, he had a hard time finding enough hotel rooms. His staff got an old ship out of mothballs, fixed it up, tied it to a dock and ran a gangplank from it to the press center. The ship listed 30 degrees, but they put a banner over it that said, "Welcome to the Tiltin' Hilton," and kept the bar open and free for 24 hours.

• In Guam, a shrew slipped into the room of Life magazine reporter Dick Stolley, jumped on his chest and bit him.

Stupidest trip:

"You've got to hear about how we kidnapped the press corps," Manning said.

In 1966, while Lyndon Johnson was in the Philippines during his Asian tour, he decided to make a secret side trip to boost the morale of his troops in Vietnam. White House press secretary Bill Moyers told 64 White House reporters that there would be a top-secret briefing at the U.S. Embassy in Manila. As the reporters filed, the curtains were closed and the doors locked.

Moyers told them that they were going to Vietnam, but that nothing could be filed, hinted or suggested. Secretary of State Dean Rusk and special assistant Walt Rostow fielded questions, then everybody was led out the back door and loaded on buses supplied by Manning. They were driven through the back streets of Manila and out to Sangley Point Naval Air Station, where they boarded the press plane to fly 735 miles across the South China Sea to Cam Rame Bay.

At the end of the year, Johnson went around the world in four and a half days the week be-

fore Christmas. As usual, the press wasn't sure where it would end up next. He left Washington at noon on Tuesday, Dec. 19, refueled in Hawaii and Samoa, spent the night in Canberra, Australia, attended a memorial service for former Australian Prime Minister Harold Holt in Melbourne, refueled in Darwin, stopped for three hours at Khorat Royal Thai Air Force Base, then made another surprise visit to Cam Rame Bay.

"He'd made up his mind that it'd be nice to drop in and see his boys," Manning recalled. "The only thing that Air Force One would tell the captain of our press plane was how much fuel to put aboard." After that, the president stopped in Pakistan, saw Pope Paul VI for an hour in Rome, refueled in the Azores, then landed in Washington at 4:22 a.m. Sunday, Dec. 24.

Another memory was the hourlong stop in Karachi, Pakistan. It was just enough time for the press to hit the airport gift shop. "No one had a chance to do any shopping. And as you know, the press will buy anything. I mean, it was like locusts. They bought camel saddles, brass bells, anything. I think somebody tried to buy the shiv. I remember looking back and seeing the guy in the shop counting his stack of bills. He must have made \$20,000."

China First

In 1972, Richard Nixon became the first American president to visit China. But Manning beat him there.

For nearly a month, he and the advance team negotiated every detail. "There must have been 100 points to be settled. I mean, we would have meetings night and day, and we'd make proposals, and then the Chinese would consider it. My God, we met and met and met. The visit to the Great Wall, the boat ride in Hangzhou, the ballet, the banquet, the pingpong. Manning remembers one "tough little cog," his Chinese counterpart, who argued on every point.

When everything was finally settled and the ship completed, the tough little cog climbed the stairs of the press plane, then turned around to wave. "And the biggest tear ran from his eye. I tell you, it would kill you. It just made that trip worthwhile."

The saddest trip:

Dallas, 1963. Manning was in the front seat of the press bus when he heard what he thought was a freerunner. The bus rounded the corner and JFK's motorcade was gone. Soon the word spread. They'll need phones at the hospital, Manning thought right off.

"It's like saying, 'The shock sets in later. It's just instilled in you — you're going to need this or that. You've still got to do your job.'"



Bob Manning: "It's a zoo."

Once Lady Bird Johnson made a trip to Cleveland, Manning sat next to her press secretary, Liz Carpenter, known as the world's worst flier. The plane hit rough weather, then was struck by lightning four times. Manning said Carpenter grabbed his arm so hard it was black and blue for a week.

"After we landed in Cleveland, I could not get any of them to fly back home that night. So we organized a motorcade from Cleveland, Ohio, to Washington, D.C."

The Network Gear

Manning sometimes has a hard time remembering who was president during which trip. "It's all kind of runs together. Politics is politics, and nuts-and-bolts is nuts-and-bolts." He does remember how much simpler presidential travel was two decades ago; now, with increased security and a much larger press corps, it's become mind-boggling. On Reagan's recent trip to Europe, Manning needed five two-ton baggage trucks. "Lord, the network gear," he sighs.

"Ever since that first time CBS tried out the mini-camera — I can remember, it was like car batteries stacked up on one of those hand carts, I guess in Jeddah, during Nixon or Ford, in a shopping center. It's completely revolutionized press coverage. Now all you need is a telephone line and boom — you can go live with it. But it's added a lot of headaches."

He doesn't think he'll do a lot of traveling from now on. He's learned how to operate a good hotel, a hot shower and the audience he can draw with all his stories. "Of course, everything I'm telling you," he says, laughing, "none of it's funny when it happens. None of it."

Bloomington 'Mistress'

Adds Wife to Her Suit

Vicki Morgan, 29, who claims she was Alfred Bloomington's mistress and provided him with therapy for a Marquis de Sade complex, amended her paternity suit against the Diner's Club founder to seek an additional \$5 million from his wife Betsy. The amended suit charges Mrs. Bloomington with interfering with a series of four written contracts in which her husband, 66, pledged support for Morgan. It seeks \$10 million — the \$5 million originally sought from Bloomington and another \$5 million from his wife. Morgan's attorney, Marvin Mitchellson, said Mrs. Bloomington was named in the amended suit because it is believed she was responsible for the decision to cut off Morgan's monthly payments of \$18,000. Morgan has claimed Bloomington supported her since she was 17 and promised to "provide lifetime support and financial stability," plus a house. The amendment maintains Morgan and Bloomington were "friends and lovers" from 1970 until June, 1982. It added: "The plaintiff loved and was devoted to said defendant, catered to his wishes and attempted to give him therapeutic help concerning his Marquis de Sade complex, for which therapy the defendant repeatedly expressed his love and devotion toward her." De Sade is the French writer who described sexual aberrations and whose name gave rise to the term sadism.

Singer-songwriter Stevie Wonder has canceled an appearance at next month's Chicago Postcard music festival by blazes. The 21-year-old Wonder, who is the president of the event, said he received a telegram from Wonder's attorney saying Wonder was bowing out because he had learned "there will be a civil disorder, including picketing and boycotts" which would expose him to danger. The Rev. Jesse Jackson, president of Operation People United to Serve Humanity, has threatened a boycott of the 11-day festival to protest Mayor Saenger's plan to appoint a group of three whites to the board of the Chicago Housing Authority, whose tenants are predominantly black. Dr. Martin Luther King Jr. has been named as one of the performers. He has assured festival officials they do not plan to cancel their appearances.

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